

CUSTOMER SATISFACTION IN BANKING SECTOR -A special reference in Gadag District

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Abstract-

Introduction: The introduce of this paper is to evaluate the customer satisfaction of the banks sector in Gadag district, based on customer perception regarding service quality. Customer satisfaction and service quality have been highlighted by all banking institutions throughout the world with the inclusion in Gadag banking sector.

Review of literature: John and Linda (1976), investigated the relationship between expectations, performance and satisfaction. The findings revealed that when a customer judges the performance of a product, he usually compares a set of performance outcomes that are expectations. The product is then likely to be considered as dissatisfactory or satisfactory.

Purpose of study: Main purposes of this article paper aims to achieve for determine the main factors influencing the level of customer satisfaction in Gadag banking sector and assess the level of customer satisfaction of the quality of service provided by the Gadag banks.

Methodology: This article paper using mainly primary data collected through a well-structured questionnaire. The method of the study Validity and reliability testing of questionnaire using SPSS program for windows version 19The questionnaire has been personally administered on a sample size of 150 bank customers.

Data analysis: This paper makes a useful contribution as there are only a few studies dealing with the assessment of service quality in banking sector in Gadag district. Data analysis on independent variables such as service quality, customer loyalty and security with all these variables influenced consumers satisfaction in Gadag banking sector.

Discussion of result: This article paper find the results based on three different independent variables (service quality, customer loyalty and security) showed that all these variables influenced consumers satisfaction in Gadag banking sector. There is a positive impact and significant relationship between the customer satisfaction and two variables (service quality and customer loyalty), and there is a negative relationship between security and customer satisfaction.

Suggestion: This article paper suggestion on the highest customer satisfaction is demonstrated in the loyalty area such as affiliation, pertinence between the customers and the banks, followed by the service quality such as willingness to help customer, friendly attitude of staff.

Conclusion: Conclude of this article paper to achieve the objectives on determined the main factors that influence the degree of customer satisfaction in Gadag District banking sector, so the result indicated that a less percentage change in customer loyalty leads to more percentage increase in customer satisfaction.

Keyword: Customer Satisfaction, Banking Sector, Customer Loyalty, Service Quality, Security

INTRODUCTION:

This article paper introduce on issue of service quality is a critical one throughout service industries as businesses attempt to sustain their competitive advantage in the marketplace. Owing to the financial services like banks' competition in the marketplace through undifferentiated products. This is the highlights of service quality as the basic competitive tool.

Banking organization may attract customers through the provision of high quality services. As such, structural modifications have led to banks being enabled to carry out various activities, which in turn, allow them to be more competitive even against non-banking financial institutions.

Technological advancements are helping banks develop their service strategies being offered to individual as well as commercial customers. Moreover, banks offering quality services own a distinctive marketing edge because enhanced quality service is associated with higher revenue, customer retention and higher cross-sell ratios. Banks are also well aware of the fact that customer's loyalty lies in the banks' production of greater value compared to their competitors.

Banks are more likely to earn higher profits if they are able to position themselves in a superior way to their competitors in a particular market. Therefore, it is imperative for banks to concentrate on service quality as their primary competitive strategy. Additionally, both customer satisfaction and service quality have been highlighted by all banking institutions throughout the world with the inclusion in Gadag banking sector.

Financial institutions generally believe that customers are the aim behind their services and hence their activities depend on their customers. This is why financial institutions are more concerned with customer satisfaction, customer loyalty and their retention (Zairi, 2000). In fact, customer loyalty stems from the organization's creation of benefit for customers so they will be retained and continue doing business with the organization (Anderson & Jacobsen, 2000).

REVIEW OF LITERATURE:

Literatures of view in this article paper such as: Customer Satisfaction, Customer Satisfaction and Banking Sector, Customer Satisfaction and Customer Loyalty, Customer Satisfaction and Service Quality, Consumer Perceptions and behavior: relationships between service satisfaction, quality and loyalty and bank selection criteria

According to Hom (2000), satisfaction refers to a feeling or a short term attitude that can change owing to various circumstances. It exists in the user's mind and is unlike observable behaviors like product choice, complaint or repurchase.

According to John and Linda (1976), investigated the relationship between expectations, performance and satisfaction. The findings revealed that when a customer judges the performance of a product, he usually compares a set of performance outcomes that are expectations. The product is then likely to be considered as dissatisfactory or satisfactory.

According to Albro's (1999) study in the context of Washington, U.S., utilized a benchmark involving bank customers from all geographic areas and bank assets. The study involved asking customers various questions concerning their satisfaction with the banks. Data collected was utilized to benchmark customer satisfaction scores of banks participating in the financial client satisfaction index. The findings revealed that the most significant attributes that results in satisfaction include human interaction issues like 'correcting errors promptly', 'courteous employees' and 'professional behavior'. Moreover, the findings also revealed that the clients as more important consider the provision of good, personal service more than convenience or products.

According to Anwyll (2005) stated that customer service and satisfaction are the factors differentiation a firm from its large, national competitors. Moreover, the banks branding message reads, "Great Rates. Friendly Service" and through ongoing sales and service training, it attempts to deliver what it promises to.

According to Foss and Stone (2001) related customer loyalty to the customer's thoughts and actions. Several customer loyalty experts describe loyalty as a state of mind and a set of beliefs. Among the main elements of loyalty are the information exchange and the relation between the state of mind and behavior. For instance, loyal customers often provide information to service providers because of their sense of trust in them and they expect the service providers to utilize the provided information to their advantage.

PURPOSE OF STUDY:

This article paper aims to achieve the following purposes;

1. To determine the main factors influencing the level of customer satisfaction in Gadag banking sector.
2. To assess the level of customer satisfaction of the quality of service provided by the Gadag banks.

METHODOLOGY:

This article covers the research method employed in this study. Research method is defined as techniques that are used for conducting research such as in data collection, data analysis, and evaluation of the accuracy of the research results.

Sample Selection:

Data was obtained for this study from a simple random sample of bank customers in the Most Gadag District without limited to specific city, or specific branch. Sampling is taking a fraction of a population to represent the whole population but this article paper only managed to find 150 respondents. Respondents for questionnaire were randomly selected from customer who visited the sampling locations during the chose time intervals, in order to eliminate the sampling frame errors and ensure the representation of the population under the study in the sample units. However, Sampling is taking a fraction of a population to represent the whole population but the researcher only managed to find 150 respondents.

Samples are to be made of groups of research. It is a subset or sub-groups in the population selected. Sample reflects the population selected. In this article use this method in order to determine the sample involve in this research. Through this convenience sampling, each customer who makes transaction with commercial banking has equal opportunity to be selected as respondents. They are representing of the populations research. Purposely researcher chose this method in order to avoid an imbalance in the selection.

Data Collection:

In data collection process, the researcher obtained the data in primary design. Primary data is the data collect own by researcher. Primary data is the original data that created by researcher through interview, questionnaire, experiments or case study.

In this research, the researcher use questionnaire as medium to collect data. There are twenty six questions answered by all respondents. The questionnaire is dividing by five parts/sections. Part one consists of questions about your demographic profile; continue with part two about the service quality, the third part about customer loyalty, the fourth part trust, and the last part about customer satisfaction, In order to evaluate the effectiveness of this research, researcher use questionnaire as primary resource. Forming of the questionnaire is to see the relationship between independent variables that can influence dependent variable.

The questionnaire distribute to respondent is the result by referring from previous research. However, the discussion with supervisor is done from time to time in order to make sure the validity of the questions. In this research, researcher distributes hundred set of questionnaire to respondent. To make easier to researcher analyze the data, the researcher use question that in likert form. The likert 1 scale is for strongly not agree answer, likert 2 scale for not agree answer, likert 3 scale for not sure answer, likert 4 scale for agree answer and likert 5 scale for strongly agree answer. Every likert represent own value and from that value the researcher can study about what respondent feel and their valuation towards this research.

Variables:

In this article paper examine how the independent variables affect the dependent variable. Hence, the dependent variable is customer satisfaction, and the independent variables are Customer Loyalty, Service Quality, and Security.

Statistical and Analysis:

The basic objective of this study is to test the research hypotheses, based upon the conceptual framework of this study. This study has used quantitative research approach. The statistical software SPSS version 19 was employed to ensure the relevant issues is examined in a comprehensive manner.

Both simple and advanced statistical tools and methods are used where appropriate for analyzing the relationship among the variables in the model. Therefore, usage of statistical techniques is accordance to commonly accepted research assumptions and practices. Multivariate statistical analysis is performed to analyze the data of this study.

The questionnaire divided to four parts. The first part was particular to the DV variable which “customer satisfaction”, it’s appear six questions which test how the customers satisfied with their Banks. The second part was particular to the first IV variable which “customer loyalty”, it’s appear five questions that test the degree of customer loyalty for their Bank. The third variable “service quality” has tested by four questions and the last variable “security” has tested by six questions to determination its relationship with the customer satisfaction.

Data Analysis Technique:**Description analysis:**

Descriptive used inferential statistics will be employed. Several statistical validity tests and analysis will employ such as reliability test, descriptive analysis, correlation and regressions test to examine the hypothesis in the research framework. The quantitative analysis will examine the Customer loyalty related to the service quality.

Correlation analysis:

Correlation, linear and multiple regressions will be use for inferential statistics. The Pearson correlation will be use to measure the significance of linear bivariate between the independent and dependent variables thereby achieving the objective of this study.

Regression Analysis:

The current section will assign multiple regression test to provide more information about the variables relationship whereby the multiple regression can provide it so that it allows calculating a partial correlation, which is the correlation between a predictor variable and a dependent variable when holding constant another variable or variables.

HYPOTHESIS STUDY:

Based on framework and the object of study, the hypothesis will be as following:

H1: There is positive relationship between Customer Loyalty and customer satisfaction in the Banking sector in Gadag District.

H2: There is positive relationship between Service Quality and customer satisfaction in the Banking sector in Gadag District.

H3: There is positive relationship between Security and customer satisfaction in the Banking sector in Gadag District.

DATA ANALYSIS:

In this article paper assigned for presenting the findings of the present study, so that as mentioned earlier. SPSS version 19 will be used to analyze the existing data using some of the statistics analyses related to the main aim for this study. Statistics analyses such as descriptive statistics, normality, multicollinearity, correlation analysis, linearity and multiple regression. In order to answer the research objective as well as to test the hypotheses that appeared in this article paper.

Table 1 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Customer Satisfaction	150	3.50	5.00	3.9469	.25097
Customer Loyalty	150	3.00	4.20	3.4716	.24830
Service Quality	150	3.00	5.00	3.8725	.47180
Security	150	3.00	5.00	4.0843	.37344

(Source: Field survey of commercial bank in Gadag data collected from respondents)

From the Table 1 descriptive statistics, the total sample size (n) is 150 respondents. Customer satisfaction has mean of 3.94 and stander deviation of .25(M= 3.94, SD =.44). The lowest value was 3.50 and the highest 5.00. Customer loyalty shows mean of 3.47 and stander deviation of .24 (M=3.47, SD =. 24). The lowest value was 3.00, and the highest 4.20. Service quality has mean of 3.87 and stander deviation of .47(M=3.87, SD=.47) the lowest value was 3.00 and the highest 5.00. Security has mean of 4.08, and stander deviation of .37(M=4.08, SD=.37) the lowest value was 3.00 and the highest 5.00.

Table 2 Distribution of data

Variables	N	Skewness	Kurtosis
Customer Satisfaction	150	1.588	3.567
Customer Loyalty	150	.478	-.122
Service Quality	150	-.176	-.912
Security	150	-.758	-.159

(Source: Field survey of commercial bank in Gadag data collected from respondents)

From the Table 2 the customer satisfaction which represent the independent variable, it has a highly skewed with 1.588, and highly peak with 3.567 kurtosis as the table 2 shows that Customer loyalty and service quality which present dependent variables, both of them approximately symmetric with .478 skewness for customer loyalty and - .176 skewness for service quality, on the other hand both of them high flatness (platykurtic distribution) with -.122 kurtosis for customer loyalty and -.912 kurtosis for service quality as can be seen from the table 2. Whereas the security variable as can be seen from table 2 is moderately skewed

with -.758, and high flatness with -.159 kurtosis as shown that table 2. Hence, the assumption of normality has not been violated.

Table 3 Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
Customer satisfaction	Based on Mean	44.935	4	141	.000
	Based on Median	18.198	4	141	.000
	Based on Median and with adjusted df	18.198	4	73.423	.000
	Based on trimmed mean	43.287	4	141	.000

(Source: Field survey of commercial bank in Gadag data collected from respondents)

Table 3 shows that the significance is smaller than 0.05, which indicates that the variances are not equal. $F(4; 141) = 44.935, 0.000$.

Table 4: Multicollinearity Analysis

	Collinearity Tolerance	Statistics VIF
Service Quality	.996	1.004
Customer Loyalty	.433	2.312
Security	.992	1.008

(Source: Field survey of commercial bank in Gadag data collected from respondents)

As can be clearly seen from the above Table 4 that there is no multicollinearity issue, whereby the VIF value is less than 10. Hence, the assumption of multicollinearity has not been violated.

Correlation Analysis and Linearity:

After checking the present study data by looking at the descriptive analysis then the normality, homogeneity and multicollinearity, this section will assign for examining the relationships and linearity between the independent variables and the dependent variable, using simple linear regression analysis which is the most commonly considered analysis method, by looking at Pearson Correlation and scatter plot matrix.

Table 5 Correlations Analysis

	Variables	Customer Satisfaction	Customer Loyalty	Service Quality	Security
Pearson Correlation	Customer Satisfaction	1.000	.515	.256	.041
	Customer Loyalty	.515	1.000	-.067	-.091
	Service Quality	.256	-.067	1.000	.753
	Security	.041	-.091	.753	1.000
Sig. (1-tailed)	Customer Satisfaction	.	.000	.000	.280
	Customer Loyalty	.000	.	.171	.098
	Service Quality	.000	.171	.	.000
	Security	.280	.098	.000	.

(Source: Field survey of commercial bank in Gadag data collected from respondents)

The table 5 showed that the relationship between customer satisfaction as a dependent variable and customer loyalty as independent variable is a positive, strong, and linear relationship with a significant statistical correlation ($r = .515, p < 0.01$), while the relationship between customer satisfaction and service quality is positive weak and nonlinear, with a significant statistical correlation ($r = .256, p < 0.01$). As for the relationship between customer satisfaction and security is positive very weak and nonlinear also statistically it is not significant ($r = .041, p > 0.01$). After looked at the correlation between the dependent and independent variables in the above section, the current section will be assign to look at the relationship among the independent variables one another.

From the table 5 showed that the relationship between the customer loyalty service quality and security is negative, very weak and nonlinear with non-significant statistical correlation ($r = -.067; -.091, p > 0.01$). While the relationship between service quality and security is positive, strong and linear relationship with significant statistical correlation ($r = .753, p < 0.01$).

ANOVA Analysis:

The ANOVA (Analysis of Variance) table below provides us with the inferential test of each model. In particular, the F and its df (degrees of freedom) are indicators of how good the model is, as can be seen that all models (1, 2, 3) have a statistical significance, which means that every single predictor variable has a significant predictor of the outcome of the customer satisfaction, with a different degree, but the compensation of all of them it has more effect on the dependent variable which presented as follow ($F=42.462, df =3, p < .05$). Sig. (statistical significance) is a measure of how likely it is that an F this high or higher could have

arisen if there was no relationship in the whole population from which the sample analyzed was drawn.

Table 6 ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	4.975	3	1.658	42.462	.000 ^c
Residual	7.811	147	.039		
Total	12.786	150			

(Source: Field survey of commercial bank in Gadag data collected from respondents)

c. Independent variable: Customer Loyalty, Service Quality, Security

d. Dependent Variable: Customer Satisfaction

Table 6 of the multiple regression test lists the variables that used as a predictors. As can be clearly seen that there are three Independent' variables (customer loyalty, service quality and security), and one dependent variable or outcome variable (customer satisfaction).

Table 7 Coefficients Analysis

	Standardized Coefficients	t	Sig.
	Beta		
Independent variable		7.269	.000
Customer Loyalty	.522	9.401	.000
Service Quality	.519	6.178	.000
Security	-.303	-3.595	.000

(Source: Field survey of commercial bank in Gadag data collected from respondents)

Note: Denotes significantly at 1%, 5% and 10% level of significant respectively. Dependent Variable: Customer Satisfaction.

a. Dependent Variable: Customer Satisfaction

Table 7 shows the coefficients for each model tested. Notice that all models are statistically significant with p-value less than .05 ($p < .05$) the meaning of that every single predictor variable has contribution in the outcome variable.

DISCUSSION OF RESULT:

Coefficients analysis to the variables influencing customer satisfaction. The result indicates that a 1% change in customer loyalty leads to 52.2% increase in customer satisfaction. This result suggests that customer loyalty is the major factor in influencing customer satisfaction. There is a significant and positive relationship between customer loyalty and customer satisfaction (t-statistic = 9.401, $P < 0.01$). The positive relationship indicates that the higher the customers loyal are expected that the bank provide a higher customer satisfaction in respective banks.. The first hypotheses H1 assume that there is positive relationship between customer Loyalty and customer satisfaction in the banking sector in Gadag District. In addition, this hypothesis is accepted.

Customer loyalty refers to the extent of the customer's desire to continue to deal with the bank and not dealing with the alternatives offered by other banks. This study shows that there is positive correlated between customer loyalty and customer satisfaction. The bank customers in Gadag District prefer transaction with the banks, which they feel it, is they belong.

Likewise, as for service quality the result indicates that 1% change in service quality leads to 51.9% increase in customer satisfaction. Almost same with customer loyalty, this result suggests that service quality also has a big influence on customer satisfaction. There is a significant and positive relationship between service quality and customer satisfaction (t-statistic = 6.178, $p < 0.01$). The positive relationship indicates that the higher the service quality is expected that the bank provide a higher customer satisfaction in respective banks. The second hypothesis assumed that there is positive relationship between service quality and customer satisfaction in the banking sector in Libya, so this hypothesis has accepted too.

The hypotheses test of this study confirms that there is positive relationship between service quality and customer satisfaction. These results imply that when service quality is high, the customer satisfaction will be also high. The results also show that the customers are satisfied with the quality of service that is provided by banks' staff.

While security represents that 1% change in security leads to 30.3% decrease in customer satisfaction. This result suggests that security has a little influence on customer satisfaction. There is a negative relationship between security and customer satisfaction with a statistical significant (t-statistic= -3.595. The negative relationship indicates that less security is expected that the bank provide less customer satisfaction in respective banks. The result of this study unable to accept the last hypothesis, which says: there is positive relationship between security and customer satisfaction in the banking sector in Gadag District.

The core concept of security is to provision the safety and the trust the customer of the bank to keep the information which considered very important to the customer. This study indicates moderate but positive relationship between the security and customer satisfaction. This means customers of banks are satisfied with the bank, which provision more security for them.

SUGGESTION:

The above discussion indicates that customer satisfaction vary according to the nature of service. In this article paper suggested the highest customer satisfaction is demonstrated in the loyalty area such as affiliation, pertinence between the customers and the banks, followed by the service quality such as willingness to help customer, friendly attitude of staff. On the other hand, the moderate satisfactions are in the security such as safety and protections.

Our suggestion for other researchers to intensification more study about customer satisfaction in Gadag District, and try to test more variables, which influence of customer satisfaction

CONCLUSIONS:

Conclude of this article paper to achieve the objectives, It determined the main factors that influence the degree of customer satisfaction in Gadag District banking sector, so the result indicated that a 1% change in customer loyalty leads to 52.2% increase in customer satisfaction. This result suggested that customer loyalty is the major factor in affecting customer satisfaction. It assessed the degree of customer loyalty for banking services in Gadag District which determined by .522 means if the customer loyalty increases 1% the customer satisfaction will increase 52.2%. It assessed the degree of satisfaction of service quality which offered by the Gadag District banks. The study determined the degree by .519 means if the service quality increased by 1% the customer satisfaction will increase 51.9%. It assessed the degree of feeling of security towards Libyan bank, which determined by -.303 means if the security decreases 1% the customer satisfaction will increase 30.3%.

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