

**PROBLEMS ENCOUNTERED BY THE CUSTOMERS IN RETAIL BANKING
SERVICES – AN EMPIRICAL STUDY IN MADURAI DISTRICT**

Dr. S. Renugadevi

Professor, Department of Commerce, Dr.N.G.P. Arts and Science College(Autonomous)
Coimbatore

Dr.P.Kalaiselvi

Assistant Professor, Research Centre of Commerce, Fatima College (Autonomous)
Madurai

Dr. L. Senthil Kumar

Associate Professor, Department of Commerce, Sri Krishna Arts and Science
College(Autonomous), Coimbatore

Mr. P.Ramakrishnan

Assistant Professor, Department of Commerce, Kalasalingam Academy of Research and
Education, Krishnankoil

Mr. K.Ponnumani

Assistant Professor, Department of Commerce, Dr.N.G.P. Arts and Science
College(Autonomous), Coimbatore

Abstract

Retail banking in India is emerging as one of the major drivers of the overall banking sector and has witnessed enormous growth in the recent past. In India, the Reserve Bank of India is regulating the banking services. The banking industry has started to occupy an important place in the life of different categories of people including the common man. It is no longer considered a luxury. It has become necessity. The growing competition from a diverse range of brands and service providers has effected a dramatic change in the banking sector in the recent past. The ability to adapt and respond to the ever changing environment and differentiate themselves from the competitors. Many banks continue to support the legacy of core banking systems, which are costly to maintain, and provide an inflexible infrastructure inhibiting the bank's ability to innovate. In order to succeed, a bank must distinguish itself from its competitors not just in the quantity of the core product but also in how it manages the services around. Every interaction with a customer provides an opportunity to be unique. The population in Madurai includes upper, middle, lower middle and lower economic strata all of whom are in variably engaged in banking transactions. Hence the present study attempts to examine the problems encountered by the customers in Retail banking services in Madurai District. It is found that delay in transaction is a main problem mentioned by the customers. Appointing sufficient no of employees and their knowledge in computers will avoid such a kind of problems. However, the customers are facing problems in various banking services they are not ready to switch their banks. Hence the banks can concentrate more on retaining of their customers.

Key words: Customers, Problems, Attitudes, Encountered

Introduction

Banking sector plays a pivotal role in the development of nation's economy and Indian banking sector is no exception. They are the biggest supplier of credit, and they encourage and promote savings of the public by attracting deposits under various heads such as savings account, current account, fixed deposit account and recurring deposit account. Dominated by public sector, the banking industry has so far acted as an efficient partner in the growth and the development of the country. Driven by the socialist ideologies and the concept of welfare state, public sector banks have long been the staunch supporters of agriculture and other priority sectors and act as crucial channels of the government in its efforts to ensure equitable economic development.

Retail banking refers to provision of banking services to individuals and small businesses where the financial institutions are dealing with large number of low value transactions. This is in contrast to wholesale banking where the customers are large, often multinational companies, government enterprise, and the private financial institutions deal in small number of high value transactions. The concept is not new to banks but is now viewed as an important and attractive market segment that offers opportunities for growth and profits. Retail banking and retail lending are often interchanged but in fact, the later is just a part of former. In retail banking all the needs of individual customers are taken care of in a well-integrated manner.

Objective of the Study

To examine the problems encountered by the customers in retail banking, of commercial banks in Madurai district.

Research Methodology

This study is based on empirical research by conducting survey method. It is purely based on primary data from 480 respondents following Simple Random Sampling Method. Bartlett's test of sphericity, cronbach alpha, Factor Analysis and 't' were the important tools used for this study. A well-structured and pretested questionnaire was administered to analyse the problems encountered by the customers in Retail banking services. Period of study is between 2022-23.

Problems Encountered by Respondents in Banking Services

The respondents face many problems while availing the banking services. The number and magnitude of the problem will spoil the image of the bank by creating a negative attitude about the banks in the minds of respondents. Hence it is imperative to examine for some policy implications. Even though, the problems are many, the present study is confined to fifteen problems. The respondents are asked to rate these problems at five point scale according to their order of perception. The mean score of each variable in problem among the male and female respondents has been computed separately along with its 't' statistics.

Table 1
Problems Encountered by Respondents in Banking Services

Sl.No.	Problem	Mean score among Respondents in		't' statistics
		Male	Female	
1.	High interest rates for loan	3.2041	3.9173	-2.6082*
2.	Rigid formalities	3.7879	3.2676	2.5087*

3.	Poor customer service	3.8244	3.3044	2.4684*
4.	Inadequate staff	3.8099	3.1497	2.6689*
5.	Poor response to enquiries	3.7144	3.2044	2.4196*
6.	High service charges	3.1797	3.8736	2.4033*
7.	Complicated technology	3.6688	3.0973	2.5174*
8.	Hidden charges	3.2884	3.9087	2.3994*
9.	Poor infrastructure	3.4173	3.8944	-2.1173*
10.	Lackof security	3.3891	3.9084	-2.3944*
11.	Less number of ATMs	3.7884	3.2042	2.4117*
12.	Inconvenient timing	3.8541	3.1088	2.8664*
13.	Poor ambience	3.3117	3.8676	2.5634*
14.	Delay in transaction	3.9079	3.2669	2.7454*
15.	Shortage in availability of cash	3.7667	3.3884	2.0899*

*Significant at five percent level

It is seen in Table 1 that the mean score of each problem among the male and female respondents along with the 't' statistics. The major problems faced by the male respondents were delay in transaction and inconvenient timing since their respective means core are 3.9079 and 3.8541 respectively. For the female respondents, the problems were higher interest ratesfor loan and hidden charges since their mean score are 3.9173 and 3.9087 respectively. Regarding the view on the problems, there is significant differences between the male and female respondents in the case of all 15 problems since their respective 't' statistics are significant at five per cent level.

Important Problems Encountered by the Respondents

The score of 15 problems faced by the respondents have been included for EFA in order to narrate the problems into important problems. Initially, the validity of data for EFA has been tested with the help of KMO measure of sampling adequacy and Bartlett's test of sphericity. Both of these tests satisfy the validity of data for EFA. The EFA results in four important problems namely poor customer services, service charges, security problems and poor electronic services. The eigen value and the per cent of variation explained by each important problem encountered by the respondents are shown inTable2.

Table 2
Important Problems Encountered by Respondents

Sl. No.	Problem	No. of variables in	Eigen value	Percent of variation explained	Cumulative per cent of variation explained
1.	Poor customer services	7	4.2093	28.06	28.06
2.	Service charges	3	2.7011	18.01	46.07
3.	Security problems	3	2.3943	15.96	62.03
4.	Poor electronic services	2	1.4509	9.67	71.70
KMO measure of sampling adequacy:0.7842			Bartlett's test of sphericity: Chi-square value:78.87*		

*Significant at zero percent level

It is seen in Table 2 that the first two main problems encountered narrated by the EFA are poor customer services and services charges since their eigen values are 4.2093 and 2.7011 respectively. The percent of variation explained by these two important problems encountered are 28.06 and 18.01 respectively. The last two important problems encountered noticed by EFA are security problems and poor electronic services since the eigen value are 2.3943 and 1.4509 respectively. The percent of variation explained by these two important problems encountered are 15.96 and 9.67 per cent respectively. The narrated four important problems encountered explain the 15 problems to an extent of 71.70 per cent.

Important Problems Encountered by the Respondents in banking services – Factor Analysis

The problems in banking services faced by the respondents are examined with the help of 15 variables. The score of all 15 variables have been included for factor analysis through varimax rotation procedure. It results in four factors. The resulted rotated component matrix on important problems encountered by respondents are presented in table 3.

Table 3
Rotated component matrix Important Problems Encountered by the Respondents

Factor	Variables	Components			
		1	2	3	4
Poor customer services	Poor infrastructure	.9242			
	Poor customers services	.8808			
	Rigid formalities	.8117			
	Inadequate staff	.7862			
	Inconvenient timing	.7517			
	Poor response to enquiries	.7206			
	Shortage in availability of cash	.6817			
Service charges	Higher interest rates on loan		.8719		
	Hidden charges		.8508		