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ABSTRACT

As we all are aware that the outcome of government policies on globalization and liberalization, the many sectors apart from banks is offering a variety of products and services to the customers. The customers can enjoy these services only when they are made aware of these services. The banker and customer have to understand to each other. The banker has to understand the customers' needs and in the same way, the customer has to know about the various products and facilities offered by the banks. Increased level of awareness among the customers leads to increased preferences. The aim of this study is to know the preference of customers for the products and services offered by private and public banks in Ghaziabad district. This study is to compare and analyze the customer preference towards banking services both private and public banks in Ghaziabad district.

Keywords: banking services and products, preferences, banks.

INTRODUCTION

In the era of liberalization, privatization and globalization (LPG), Indian banking industry has undergone tremendous changes in every aspect like products, services. To fight with this scenario banks have overhauled themselves in every aspects, many of the banks adopted strategies to survive by concentrating on rapidly changing markets, latest technology, solving customers grievances, foreign banks entry, bank regulations, economic meltdown, and cut throat competition and have also conceived the realities of long term survival which depends on the satisfaction of customers expectations. Still banks are having challenges to get into the mindset of their customers due to often changing preferences and expectations of the customers. The banks are interested in attracting new and retaining existing customers. Therefore measuring customer preferences provides indication on how successful the organization is at providing products and services to the market place as customer today, looks out for value for money. The banks that grow and prosper in this competitive environment are

the ones that succeed in developing a network of loyal customers and are able only after understanding the exact need of valuable customers.

OBJECTIVES

Researcher tried to find out the most factors preferred by customers while banking and shortlist the most important factors (by using Factor Analysis) which are preferred by customers on the basis of survey output. These factors are like Hospitality, Service, Products, Ambience/Infrastructure, Availability of Easy loan, Trust on banks, Charges, Accessibility/Location of Branch, accessibility/Location of ATM networks, Awareness for Products. Following are the objective of the study:

- To assess various aspects of services provided by the public sector and private sector banks.
- To identify the satisfaction level of customers' of the public sector and private sector banks.
- To analyze the factors which influence the customers for banking?

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SCOPE OF THE STUDY

The scope of the study help in understanding customer preferences, increasing and improving customers' satisfaction level, Increasing and enhancing awareness among mass about various aspects of services provided by the banks, Enhancing bank profitability through delivery channels, Facing competition through technology products, Attitude of bank employees to technology implementation and Increasing efficiency of bank staff through technology implementation.

RESEARCH DESIGN AND METHODOLOGY

We have used descriptive research design in the study. The main goal of this type of research is to describe the data and characteristics about what is being studied. The idea behind this type of research is to study frequencies, averages, and other statistical calculations. Researcher used convenience sampling technique. Members of the population are chosen based on their relative ease of access. The data have been collected through friends, co-workers, professional, business class from Ghaziabad. A total of 50 respondents who completed the questionnaire in every aspect are taken into account for the study. Validity and reliability of the questionnaire is already established in earlier researches, which ultimately supported the investigator to retain the responses of all the 50 respondents, and to make use of them in the analysis of primary data. The study is based on both Primary Data and Secondary Data which has been collected through Online Database, Journals, and Surveys.

TOOLS AND TECHNIQUES OF DATA ANALYSIS:

A Factor Analysis, KMO and Bartlett's Test, Cronbach Test is Used. The data has been collected through Likert scale. In a Likert scales, the respondent is asked to respond to some of the statements in terms of several degrees, usually five degrees (i.e. from 1 to 5) Highly satisfied, (ii) Satisfied, (iii) Neutral, (iv) Dissatisfied, (v) Highly dissatisfied. The Likert scaling technique, thus, assigns a scale value to each of the five responses.

REVIEW OF LITERATURE

Based on review of various studies, Santhiyavalli and at al. (2011) emphasis on the service quality of banking industry and the customer is seen as a consumer of the bank and not of any particular branch of the bank. Nowadays the concept of core banking has made 'Anywhere and anytime' banking a reality.

Kumber and at al. (2009) reviewed that the Indian banks are changing towards modern banking system. Modernization is changing banking services, products and operational methods of banking. All these developments are lead to facilities to customers delight as well as operational efficiency of banks and reducing operational expenses of banking services.

Sarkar (2011) proved this statement "If there is any secret of success, it lies in the ability to get the other person's point of view, and seeing things from his angle".

Swamy (2012) also focus on the facts related to retail banking products. Customer service is perhaps the most important dimension of retail banking. While most public sector banks offer the same range of service with similar technology/expertise, the level of customer service matters the most in bringing in more business.

Cronin and Taylor (1992), suggested that service quality is antecedent of customer satisfaction and that customer purchase intentions are related more closely to levels of satisfaction than to perceptions of service quality.

Boyd et al, (1994) studied differences in selection criteria for retail banks with respect to basic demographic factors and found that white collar households indicated a greater importance of reputation, modern facilities and location, high income household attached greater importance to interest rates, opening hours, friendliness of staff and low income households relied on favorable publicity and word of mouth and found that price, speed and access were particularly important,

Bednar (1996), in response to the aforementioned paper, argued that customer service appeared more important than price and that customers use additional criteria beyond price, speed and access to evaluate and choose between banks.

ANALYSIS AND INTERPRETATION OF DATA

The total numbers of responses were 50. Out of 50 respondents 32 (64%) were males and 18 (36%) were females. Education - wise, 1 was intermediate, 10 graduates, 37 post graduates and 2 professionals. Occupation - wise, 1 (2%) work in , 6 (12%) have business & self employed, 8 (16%) employee, 10 (20%) are professionals, and 25 (50%) are households. Age Group - wise, 29 (58%) at 0-25 years label, 13 (26%) at 25-35 years label, 7 (14%) are 35-45 years, and 1 (2%) wasa more than 45 years. Income - wise, 22 (44%) were in the income group of Rs.0 – Rs.200000 , 16 (32%) were in the income group of Rs.2,00,000 - Rs.4,00,000 and 12 (24%) were in the income group of Rs.4,00,000 and above. Table 1 below gives summary of the demographic details of the respondents. Occupations wise, 6 respondents having of Business class, 8 are Employees, 10 are Professionals, 10 are engaged in other.

As we divide our respondents on education wise, 1 is Intermediate, 10 are Graduates, 37 are P.G. and 2 are Professionals.

On dividing the respondent on age wise we find that 29 are up to 25 years, 13 are between 25-35 years, 7 are between 35-45 years and 1 is above 45 years.

19 respondents having account in SBI , 2 are having in ICICI ,4 are in HDFC, 14 in PNB and 11 are with others banks.

15 respondents having accounts in their respective bank less than 2 years, 24 are having between 2-5 years, 7 are between 5-10 years, 3 are more than 10 years.

Respondent on asking for choosing their banks, 15 replied due to Facilities/Services, 4 for Charge rate ,2 for Relationship/Hospitality, 4 for Accessibility/ Convenient working hour, 15 for Trust/Bank reputation ,2 for Interest rate offered, 8 preferred the bank for others reasons.

Table - 1

Gender				
Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	32	64.0	64.0	64.0
Female	18	36.0	36.0	100.0
Total	50	100.0	100.0	
Income Group				
Income level	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 2 lac	22	44.0	44.0	44.0
Between 2-4 lac	16	32.0	32.0	76.0
More than 4 lac	12	24.0	24.0	100.0
Total	50	100.0	100.0	
Occupation				
Occupation	Frequency	Percent	Valid Percent	Cumulative Percent
Missing value	1	2.0	2.0	2.0
Business/self employed	6	12.0	12.0	14.0
Employee	8	16.0	16.0	30.0
Professionals	10	20.0	20.0	50.0
Other(housewife, students etc)	25	50.0	50.0	100.0
Total	50	100.0	100.0	

Source: Computed

Education level				
Education level	Frequency	Percent	Valid Percent	Cumulative Percent
10+2	1	2.0	2.0	2.0
Graduate	10	20.0	20.0	22.0
P.G.	37	74.0	74.0	96.0
Professionals	2	4.0	4.0	100.0
Total	50	100.0	100.0	
Age Group				
Age group	Frequency	Percent	Valid Percent	Cumulative Percent
Up to 25	29	58.0	58.0	58.0
25-35	13	26.0	26.0	84.0
36-45	7	14.0	14.0	98.0
Above 45	1	2.0	2.0	100.0
Total	50	100.0	100.0	
Bank name where the respondents have their account				
Bank name	Frequency	Percent	Valid Percent	Cumulative Percent
SBI	19	38.0	38.0	38.0
ICICI	2	4.0	4.0	42.0
HDFC	4	8.0	8.0	50.0
PNB	14	28.0	28.0	78.0
OTHERS	11	22.0	22.0	100.0
Total	50	100.0	100.0	
Respondent banking with their respective bank's since				
Period of account	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 2yrs	15	30.0	30.0	30.0
2-5 yrs	24	48.0	48.0	78.0
5-10 yrs	7	14.0	14.0	92.0
More than 10 yrs	3	6.0	6.0	98.0
Missing	1	2.0	2.0	100.0
Total	50	100.0	100.0	
Reason of respondents for choosing bank				
Factors	Frequency	Percent	Valid Percent	Cumulative Percent
Facilities/Services	15	30.0	30.0	30.0
Charge rate	4	8.0	8.0	38.0
Relationship/Hospitality	2	4.0	4.0	42.0
Accessibility/Conv. working hr.	4	8.0	8.0	50.0
Trust/Bank reputation	15	30.0	30.0	80.0

Table - 2

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.605
Bartlett's Test of Sphericity	Approx. Chi-Square	91.871
	Df	45
	Sig.	.000

The value of the KMO statistics (0.605) is also large (>0.5)

KMO measure is 0.605 so, now as it has been determined that factor analysis is suitable for analysing of the data. The results of principal components analysis are in the table - 2. Null hypothesis that the population correlation matrix is an identity matrix is rejected by Bartlett's test of sphericity. The approximate Chi-square statistics is 91.871 with degree of freedom 45, which is significant at the 0.05 level.

Table - 3

Communalities		
	Initial	Extraction
Hospitality	1.000	.666
Service	1.000	.416
Products	1.000	.700
Ambience	1.000	.636
Availability of loan	1.000	.599
Trust on bank	1.000	.319
Charges	1.000	.475
accessibility	1.000	.647
ATM Network	1.000	.710
Awareness of product	1.000	.394

Under "communalities", "initial" column, it can be seen that the communality for each variable is 1. In principal component analysis, the total variance in the data is considered and it is used when the primary concern is to determine the minimum number of factors that will account for maximum variance in the data.

Table - 4

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.655	26.552	26.552	2.655	26.552	26.552
2	1.590	15.899	42.451	1.590	15.899	42.451
3	1.319	13.190	55.641	1.319	13.190	55.641
4	.978	9.777	65.417			
5	.873	8.731	74.148			
6	.787	7.871	82.019			
7	.627	6.266	88.286			
8	.496	4.962	93.248			
9	.394	3.943	97.191			
10	.281	2.809	100.000			

The table above labelled "Initial Eigen values" gives the Eigen values. The Eigen values for the factors are, as expected in & order of magnitude. The Eigen value for a factor indicates the total variance attributed to those factors and value greater than 1 is considered. 1 component is showing Initial Eigen values 2.655 i.e. variance in % 26.55, 2 component is showing Initial Eigen values 1.59 i.e. variance in % 15.899, 3 component is showing Initial Eigen values 1.39 i.e. variance in %13.9 and total variance for all above 3 account for 55.64% of total variance.

Table - 6

Component Matrixa			
	Component		
	1	2	3
Hospitality	.451	.534	.422
Service	.601	-.231	-.038
Products	.568	-.603	.116
Ambience	.323	.728	-.051
Availity of loan	.288	.200	.690
Trust on bank	.394	-.139	.381
Charges	.383	-.496	.288
Accessibility	.623	.033	-.508
ATM Network	.774	.230	-.240
Awareness of product	.540	-.012	-.320

As from the above table we can see that variables like accessibility, ATM network are more attached with component 1, Ambience & Products variables are more attached with component 2, Availability of loan for component 3.

Table - 7

Rotated Component Matrixa

	Component		
	1	2	3
Hospitality	.172	-.015	.798
Service	.454	.452	.075
Products	.277	.786	-.065
Ambience	.392	-.424	.550
Availability of loan	-.171	.275	.703
Trust on bank	.050	.457	.329
Charges	.044	.687	.040
Accessibility	.800	.062	-.065
ATM Network	.782	.097	.298
Awareness of product	.613	.136	-.001

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization
 In above table, by comparing the varimax rotated component matrix with the un rotated matrix i.e. component matrix we can see how rotation achieved

to simplicity i.e.(service, product, accessibility, ATM, awareness of products) .

Five variable correlated with components or component 1 in the un rotated matrix, only 3 variable i.e.(accessibility, ATM, awareness of products) after rotation is correlated with components 1.

Products, charges, are correlated highly with only component 2 and hospitality, ambience, & availability of loan with component 3.

One could summarize the data by stating that consumer appear to seek three major kinds of preference from the banks i.e. Availability /Accessibility, Products, Ambience.

Table - 8
Reliability Test for Components 1

Reliability Statistics	
Cronbach's Alpha	N of Items
.694	5

Item Statistics			
	Mean	Std. Deviation	N
Products	3.84	.681	50
Accessibility	4.08	.922	50
ATM Network	4.20	.969	50
Awareness of product	3.64	.827	50
Service	4.18	.596	50

We can see that from above output only three (accessibility, ATM, awareness of Products) are more crucial.

Table - 9
Variables of Components 2
(Hospitality & ambience)

Reliability Statistics	
Cronbach's Alpha	N of Items
.520	2

Item Statistics			
	Mean	Std. Deviation	N
Hospitality	4.04	.699	50
ambience	3.82	.774	50

We can see that from above output only one (ambience) is more crucial.

Table - 10
Variables of Components 3 (Product & Charges)

Reliability Statistics			
Cronbach's Alpha		N of Items	
.492		2	

Item Statistics			
	Mean	Std. Deviation	N
Products	3.84	.681	50
Charges	3.46	.788	50

We can see that from above output only one (charges) is more crucial.

CONCLUSIONS

One could summarize the data by stating that consumer appear to seek three major kinds of preference from the banks i.e .Availability/Accessibility, Products and Ambience. The overall satisfaction or dissatisfaction of customers with regards to preferences have been analyzed in this research paper and expressed dissatisfaction with the services offered by the bank. These customers suggested that the bank is yet to instil confidence among the customers that it has the ability to provide excellent services dependably and accurately .New innovative schemes, strategies to cater customers need should be adopted. Bank should increase value added services like ATM network, internet banking, mobile banking, multicity cheque facility, single window services, relationship banking, easy advancement etc to delight customers. The main focus of banks should be primarily on some area like Availability/Accessibility, Products ,Ambience, Infrastructure ,Employee behaviour, products ,charges ,Working hours should be increased, Information about new services should be given to the customers. There is still a lot needed for the banking system to make reforms and train their customers for using internet for their banking account. In general, the

study reveals that most of the customers are satisfied and most of them are neutral related to various factors for the banking. All the banking operations are leads to customer satisfaction, but in some places the banking performance is different comparing to urban market. However, the present study is not free from limitations. First, the sample size is limited to 50 educated and salaried class individual investors in Ghaziabad, which may not adequately represent the national customers. Second, we have undertaken the random sampling and judgment sampling technique due to time and financial constraints. Finally, the study does not consider movements of banking sector which has an impact in customer preferences.

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