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CUSTOMERS' ATTITUDE AND SATISFACTION TOWARDS BANKS AND NON-BANKING FINANCIAL COMPANIES

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ABSTRACT

Service is back bone of banking and financial industry especially for their business development and customer satisfaction. Due to the increasing importance of the service sector in the economy, the measurement of service quality became important. Based on delivery of great service we must get customers' satisfaction and we can change their attitude always for being with good confidence level of banking and non-banking financial companies. Without the customer satisfaction, Banks and NBFCs cannot survive in their business. Number of other desirable behavioural outcomes, recent years have incensed a flurry of research exploring the interrelationship between service of the bank and NBFCs employees, satisfaction and behavioural result output.

Key words: Bank, NBFC, Service, Employee, Satisfaction, Business

1) Introduction

Banks and Non-Banking Financial industries are the major service industry in India. Customer service is the first and best in all the manner. Satisfying the customers is the main purpose of every business, but it is generally found that the customers are not satisfied with the existing banks and NBFCs facilities and services normally. Customer service in the banks was not up to the mark if compare with NBFCs. Hence, necessary steps are being taken to improve the banking system to suit the changing requirement of the customers. All these issues can be addressed by implementation of the right type of technology for the right purpose. The focus on the use of computerization has refused the predominance of its applications from business orientation to customer orientation. It has facilitated the banks to reach to their customers without the physical presence. Computer resources provide anywhere and anytime services.

Further, the various committees established by RBI over the year with customer service recommended banks offer excellent customized service and to enhance the satisfaction level of the customers. Indian banking industry has a dynamic and complex environment. Increasing development of commercial banks and improvements in the kind and way services have been offered, increasing expansion of financial and credential institutions and organs to provide financial and non-financial services, and increasing development of technology in banking industry offers a competitive and special environment to any organization. It requires that an active organization in the banking industry of the country pays more attention to customer satisfaction.

This goal will not be achieved without localized models and indicators through which one can make sure of customer satisfaction. However, appropriate studies have not been done to realize the dimensions of service quality. Therefore, the ability of banks and NBFCs to continue and survive in the market depends on their ability to respond to the requirements of change and interact with the output of it. As the customers' needs and wishes are shaped and formed in the light of their economic, social and civilisation conditions, there is a close relationship between the banks' ability to continue and survive and their ability to produce services that fit in with the increasing and changing needs of the customers. Hence, service organizations, especially banks, work hard to find effective ways to counter external changes to survive and they enhance their effectiveness by means of activating their services and creating and developing new ones.

2) Service Level

Service quality has become ever more important to improving customer satisfaction in the banks and non-banking financial companies. They specially know that customer satisfaction is one of the most vital factors that contribute in establishment reputation and credit. Customer complaint about long queues, poor service delivery and deficiency physical facilities direct effect on the level of service quality in these sectors. They are in our country represent part of the Indian banking and financial sector. Various strategies are formulated to retain the customer and the key of it is to increase the service quality level.

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Banks and NBFCs have grown faster and bigger over the two decades since liberalisation using the latest technology, providing contemporary innovations and monetary tools and techniques. Typically, customers perceive very little difference in the banking products offered by the banks dealing in services as any new offering is quickly matched by competitors. Thus, the quality of services offered will determine customer satisfaction. The main assumption is Service quality is multi-dimensional concept and these dimensions help in measuring the service quality. This research paper identifies that Reliability and Responsiveness are the most relevant factors for the service quality perception and they have compared the individual scores of the banks.

The strategies adopted by the Banks are more in tune with those of the foreign banks, where emphasis is given to establishing superior benchmarks of efficiency, focusing on niche customers, providing impressive customer service and bringing about operational efficiencies by using high-end technology. The Banks recruit the finest manpower, employ state-of-the-art technologies and are oriented towards building a strong brand image. The Banks have made banking more efficient and customer friendly. Undoubtedly, being tech-savvy and full of expertise, the Banks have played a major role in the development of the Indian banking industry and try to introduce new products and make the industries achieve expertise in their respective fields by offering quality service and guidance. Therefore, excellent service performance can improve the bank's ability to lure affluent prospects, elevate the bank's profitability, lower bank operation costs, and create greater customer loyalty. At this juncture, some key questions that the Banks have to ask themselves are "What are the factors that influence the customers to select the particular bank? This research makes a great attempt to find out answer.

3) Nationalization of Banks and improvement in service

The Government of India, after independence had to focus on many areas among which one of the important tasks was economic development of the country. A major step in this direction was the nationalisation of banks in 1969. The Banking Regulation Act was enacted which empowered the Reserve Bank of India (RBI) to regulate, control and inspect the banks in India. In other words, all the banks in India fell under the jurisdiction of Reserve Bank of India under the Banking Regulation Act. The Government of India nationalised the private banks in 1969 and later in 1980 to have better control over this sector. Government of India controls around 91% of the banking business in India.

The banking sector in India constitutes public sector banks, private sector banks, foreign banks and cooperative banks. In the era of Liberalization, Privatization, and Globalization play a dynamic role in contributing to the economic development of the country. Some of the contributions of banks to the economy of the country are facilitator for Monetary Policy; the fiscal and monetary policy of a country has greater impact on its economic development, and a well-developed banking system is pre-requisite for successful implementation of the monetary policy. Banks are the reservoirs of capital providing loans to the individuals and business. Pooling of financial resources and formation of capital is encouraged by banks by way of deposits and other activities. This capital is utilized by entrepreneurs and contributes to the economic development of the country.

Banks encourage entrepreneurship by attractive credit, which empowers them towards innovation. The coining of currency or printing of bank notes is done by the central bank. In other words; banks are the manufacturers of money, which is important for the economy. Influence Economic Activity: Banks influence the rate of interest in the money market through its supply of funds. It can influence a monetary policy with low-interest-rates, which will tend to stimulate economic activity. The Banking sector has become so important that the absence of banking industry leads to stagnation in the economic development of the country, the savings would sit idle in our homes, the entrepreneurs would not be able to raise money, innovation of new products or business models will get affected. Ordinary people having dreams of a new car or house will not be able to purchase-which will affect automobile and real estate business.

The banking industry is facing rapid changes in the market, such as: new technologies, economic uncertainties, fierce competition, more demanding customers and the changing climate which lead to an unprecedented set of challenges. Banking is a customer oriented service industry, which has witnessed a radical shift in the market power. The effectiveness and efficiency became the buzzword of the success of banking operations and its proper functioning, particularly with respect to providing services to the customers. Service is an invisible thing which is indispensable from the person who extends it. An efficient or effective service is one which is extended appropriately by identifying and understanding the needs of the individual customer from time to time. Customer service is a dynamic, interactive process which needs continuous improvement.

4) Service with support of technology

With the advancement of information technology and communication system, the whole world has been reduced to a global village. The customers at the present juncture are well exposed to unstoppable innovations in communication technology. They need to aware of the kind of service level available around the world and thus expects the best from their bank. Customer service is not only a critical function but plays a vital role for the business. It is the next most important business strategy. The improved customer service will increase profitability. A bank and NBFC can be said as customer oriented if its various organizational activities like organizational restructuring, staffing, and coordination are geared up to fulfil the needs of customers. During the past two decades or so, regulatory, structural and technological factors have significantly changed the banking environment in India. In a milieu which becomes increasingly competitive, service quality as a critical measure of organizational performance continues to compel the attention of banking institutions.

The interest is largely driven by the realization that higher service quality results in customers' satisfaction and loyalty, greater willingness to recommend to someone else, reduction in complaints and improved customer retention rates. Banks Increased competition, highly educated consumers, and increase in standard of living are forcing many businesses to review their customer

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service strategy. Many business firms are channelling more efforts to retain existing customers rather than to acquire new ones since the cost of acquiring new customers is greater than the cost of retaining existing customers. There is enough evidence that demonstrates the strategic benefits of quality in contributing to market share and return on investment.

The Customer is vital for the development of trade, industry and service sector particularly in financial services. Therefore, the customer service in the banking sector came to force to compete in a market driven environment. Measuring service quality in this sector is more difficult than measuring the quality of manufactured goods. This sector is very heterogeneous and what is heterogeneous may hold true for one service and may not hold for another service sector. Each bank is having a variety of services. Services have a lot of intangible dimensions like communication, credibility, security, competence, reliability, responsiveness which are qualitative by nature and their value is subjective. Service quality has become a significant research topic in past decade due to high revenues, increased cross sell ratios, higher customer retention, purchasing behaviours and expanded market share.

5) Conclusion

Banks and Non-Banking Financial companies must understand the changing needs of customers and their expectations to create value. They need to maintain good relationship always with the customer. It will be an effective one and these existing customers will introduce more new customers to banks and Non-Banking financial companies. First, they need to understand about the need of the customers and then only they try to solve the customer issues once customers come to the banking or finance premises. They must maintain strong customer relationship management system and it will be very helpful for them to sell their cross-sell product like life insurance, general insurance under Bank Assurance channel. Also, they can sell their other banking product like personal loan, fixed deposit etc. To manage growth and continuity in business, human resources play an important role. Efficient and knowledgeable employees are always a big pillar for banking and financial industry and they cannot be compared with new joined employees. They can deliver quick services to the customers. Establishing branches in every area including rural locations can be a helpful to the bank and financial companies for improving their business.

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