EFFECTIVE CUSTOMER SATISFACTION PROVIDED BY KARUR VYSYA BANK

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Abstract

Indian banking industry is one of the largest in the world. There has been a great surge in efficient customer services. Banking system occupies an important place in a Nation's Economy. A Banking Institution is indispensable in a modern society. The Karur Vysya Bank plays a pivotal role in the economic development of a country and forms the core of the Money Market in an advanced country. Money lending has a long history in our society. In the early days, it was organised on an individual or family basis. There are several types of banks in India. At the apex is the Reserve Bank of India. It powers to regulate the entire system, print currency, extend loans to the Government and formulate credit policy.

The liberalization, privatization and globalization has ushered the customer relationship management in banks. The process of globalization and our move towards global standards changed the perception of customer service, and the banking endeavor to serve the customer better, resulted in innovative banking services and products. Banks are looking for more and more interaction with customers to build customer relationship banking. The present paper focus on the impact of Karur Vysya bank providing the customer services.

Keywords: Karur Vysya Bank Performance and Quality Services, Customer Services

I. INTRODUCTION

The Indian Banking System grew not only geographically and functionally between 1949 and 1969. However the number of scheduled banks came down from 94 to 76 over the same period. The first was enactment of the Banking Regulation Act which gave regulatory powers to the Reserve Bank of India; the second was the nationalization of RBI. The Karur Vysya banks play a vital role in the acceleration of tempo of growth in a developing economy. In fact, banks are the mart of the world the nerve centers of economies the finance of the nation and the barometer of its economic prosperity. The Karur Vysya banks mobilize deposits from the public and apply them in productive channels. Through these functions the commercial banks serve as the index of industrial, commercial and financial stability and growth of the nation. The commercial banks help in efficient utilization of national resources through lending investing and transforming funds throughout the nation and even between the countries

Background of the Study

In banking industry, e-services are revolutionizing the way business is conducted. Electronic based business models are replacing conventional banking system and almost of banks are rethinking business process designs and customer relationship management strategies. It is also known as e-banking, online banking which provides various alternative e-channels to using banking services i.e. ATM, credit card, debit card, internet banking, mobile banking, electronic fund
transfer, electronic clearing services etc. however, as per Indian e-banking scenario ATM is most acknowledged than other e-channels.

The introduction of technology-enabled banking service delivery probably started off with HSBC bank introducing ATM for the first time in India way back in 1987. So the action in this field really got heated up during the last 10-12 years. On 27th June 1967 the first “Cash Machine” colloquially called as “Hole on the walls” and was described as “Mini-Banks” which was designed to allow customers access to cash 24 hours a day, outside of the restrictive opening times of banks.

Customer Satisfaction

This exercise in the context of the banking industry will give us an insight into the parameters of customer satisfaction and their measurement. This vital information will help us to build satisfaction amongst the customers and customer loyalty in the long run which is an integral part of any business. The customer’s requirements must be translated and quantified into measurable targets. In a competitive market- place where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy.

Scheduled Banks

Scheduled banks are those banks, which are listed, in the second schedule to the Reserve Bank of India Act 1934. The banks satisfying the following conditions are only included in the second schedule. That the Bank's paid up capital plus free reserves are not less than Rs.5 lakhs and that the affairs of the bank are not conducted to the detrimental interest of the depositors. The Reserve Bank also has powers to reschedule a bank, when the above-mentioned conditions are not satisfied. The scheduled banks enjoy several privileges.

Non - Scheduled Banks

The commercial banks not included in the second schedule of the RBI Act are known as Non-scheduled Banks. They are not entitled to get facilities like refinance, and rediscounting of bills etc. from RBI. They insist higher security for loans. They do not get prestige like scheduled banks.

Co-Operative Banks

The Co-operative bank can be defined as, i.e. an institution established on the Co-operative principles and engaged in the normal banking business of accepting deposits from the public for the purpose of lending and repay it on demand or otherwise. These banks are generally concentrating on rural credit and provide credit facilities to agricultural and rural activities. It has a three tier structure.

- Primary Credit Societies at the bottom.
- Central Co-operative Bank at the middle.
- State Co-operative Bank at the top.

Public Sector Banks

Public Sector banks are those, which are owned by central government directly or through RBI. Passing special Act by the Parliament has set them up. They include,

- State Bank Group
- Nationalized Banks.
- Regional Rural Banks
- Post Office Savings Banks

Karur Vysya Bank

Karur Vysya Bank was started in the year 1916 in Karur, then a small textile town with a vast agricultural background, by two illustrious sons of the soil—Sri M.A. Venkatarama Chettiar and Sri Athi Krishna Chettiar. the bank that carries with it a tradition of 94 years adapt itself to the rapidly changing scenario in the banking industry. The bank has a branch network of 335 and an ATM network of 376. The bank has now

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spread its wings far and wide with over 320 branches in 13 States and 3 Union Territories. It provides its net banking facilities through kvb@net. KVB is one of the earliest banks in the country to achieve full networking of its branches under Core Banking Solutions, offering services through multiple delivery channels.

**Review of Literature**

R. Seramadevi, M. G. Saravanaraj (2012), from their study on “Technology on Indian Banking Sector”, observed the role of information technology (IT) in the Indian banking industry. Indian banks are investing heavily in the technologies such as automated teller machine (ATMs), net banking, mobile banking, tele-banking, credit cards, debit cards, smart cards, call centers, CRM, data warehousing etc. It is essential to evaluate the impact of information technology on the performance of Indian banks in terms of extended value added services and customer satisfaction thereby.

Andrew Musiime, Malinga Ramadhan (2011), from their study on “Internet banking, consumer adoption and customer satisfaction”, examined the factors that influence consumer adoption of Internet banking service as well as examine the relationship between Internet banking service, customer adoption and customer satisfaction. The study established that there was a significantly positive relationship between Internet banking and customer satisfaction.

Shirshendu Ganguli, Sanjit Kumar Roy (2011), from their study on “Generic technology-based service quality dimensions in banking”, identified four generic service quality dimensions in the technology-based banking services customer service, technology security and information quality, technology convenience, and technology usage easiness and reliability. It was found that customer service and technology usage easiness and reliability have positive and significant impact on customer satisfaction and customer loyalty.

Alabar, T. Timothy (2012), in their study on “Electronic Banking Services and Customer Satisfaction in the Nigerian Banking Industry”, identified that the Electronic banking services (EBS) are a recent invention that has come to stay in the Nigerian banking industry. One wonders whether these services as recent as they are create optimum satisfaction to teeming customers. It is against this backdrop that the paper is set to examine the relationship between these services and customer satisfaction in the industry.

Nouman Anwar Dar (2011), in his study on “Awareness of Electronic Banking in Pakistan”, observed that the Electronic Banking is an essential sector of banking industry. This research paper focuses on growth and awareness of electronic banking in Pakistan. Electronic banking is today’s need as it provides easy way to monitor an account. Most of the commercial banks in the country switched to the convenience ways in accessing the accounts of the customers and giving them the freedom for the easy access.

Genesis and Growth of Karur Vysya Bank Ltd., The Karur Vysya Bank Ltd., was established in 1916 with the Registered and Central office at Jawahar Bazar, Karur. The bank has completed its 86 years of service during the year 2004-05. The bank has posted encouraging results during the recent years against many odds faced by banks especially in the context of continued macroeconomic stresses. The leading professional journals and financial dailies while evaluating the best among the banks based on their balance sheet performance as 31St March 2003 have ranked the bank as one of the top 16five banks in the private sector. The bank is privileged to enjoy such a
repeat and unique distinction quite some years now.

The growth of Karur Vysya Bank has been measured in terms of growth in Branch expansion, deposits, advances, and investments, working results and appropriations, dividend, capital funds. Earnings per share, and capital adequacy ratio. The bank has been one of the highest dividend paying banks continuously for several years. Percent dividend was paid in the year 2003-2004. Among the old private sector banks, the Karur Vysya Bank is the highest profit-making Bank with a record net profit of Rs.161.05 crores during the year 2003-2004.

**Number of Branches**

The growth of a bank may be expressed in terms of its branch expansion. The branch expansion level of the Karur Vysya Bank Ltd. during the study period was analysed by taking into consideration the number of branches from year to year.

**Deposits**

The volume of deposits mobilized by a bank implies the growth of a bank. In order to measure the growth of Karur Vysya Bank Ltd., the volume of deposits mobilized by the bank during the study period was analyzed. The bank has mobilized deposits under various schemes. The aggregate of such deliosits were taken into consideration.

**Advances**

The loans and advances issued by a bank constitute the assets of any commercial bank. The Karur Vysya Bank Ltd., has sanctioned loans and advances under various schemes for the benefit of its customers.

**Investments**

The business organizations as well as non-business organization, invest their stake money in a most profitable manner. The stake money is normally invested in shares and securities of companies sometimes they prefer Government securities rather than commercial securities. Since the commercial banks have to pay interest on deposits, the amount generated by way of deposits, is invested in profitable securities.

**Owned Funds**

The Long-term funds of a business organization may be classified into owned funds and borrowed funds. The owned funds are the funds contributed by the proprietors i.e., the shareholders. The owned fund share capital, reserves and surplus and other accumulated profits.

**Gross Income**

The gross income of Karur Vysya Bank represents the total of interest / discount earned and other income like commission, exchange, brokerage, profit on sale of investment, profit on sale of land and buildings, profit on exchange transactions, etc. The gross income of Karur Vysya Bank Ltd.

**Net Profit**

The net profit of Karur Vysya Bank had been calculated after deducting the interest expended and operating expenses from the gross income.

**Number of Employees**

The growth of an organization may be measured in terms of number of employees. As the size of the organization increases the number of employees also increases.

**Statement of the Problem**

Banking is a vast subject many economic researchers have studying and focusing their attention on various spheres of banking. The studies available on the performance of Karur Vysya Bank are minimum in number. There are, still many unexplored areas that are needed to be explored. In their context "Customer Satisfaction of Karur Vysya Bank" is selected for the present
study. This study is meant to assess Customer satisfaction with special reference to KarurVysya Bank in terms of branch expansion, deposit mobilization, credit expansion and priority sector advance and also in the light of objectives of nationalization.

II. OBJECTIVES
1) To study about the policies, procedures and the methods followed by the KarurVysya Bank while providing loans.
2) To analyse the Customer satisfaction of KarurVysya Bank and evaluate its performance.
3) To analyse the management of cost and earnings of KarurVysya Bank.
4) To offer suitable suggestions for improving Customer satisfaction of the bank.

III. SCOPE
An attempt is made to evaluate the Customer satisfaction of Karur Vysya Bank Ltd. This analysis is mainly focus of the Karur Vysya Bank Customer satisfaction. The Customer satisfaction analysis concept spells out the real significance of customer satisfaction. The study of Customer satisfaction of Karur Vysya Bank, take us to the foot of why Bank's provide lot of facilities to satisfy the customer. The study focuses the overall customer satisfaction and performance or in other words in maintaining its profitability, solvency and ensuring the utilization of the resource most efficiently and effectively and hence the soundness of its financial position. The customer satisfaction facilities analysis would formal comprehensive evaluation of the strength and weakness of the bank indifferent area.

Area of the Study
This study has been conducted in Karur Vysya Bank Limited in Erode District.

Period of the Study
In order to get accurate and clear information, the period of study has been conducted to 2015 to 2016.

Methodology
Methodology is a way to systematically solve the research problem. It explains various steps that are generally adopted by a researcher in studying the research problem.

Research Design
A research design purely and simply the basic frame work or plan for a study that guides the collection and analysis of the data.

Method of Data Collection
The Primary data and the secondary data have been used for the purpose of this study. The Primary data were collected through questionnaire from the customer. The Secondary data have been collected from the published Annual Reports of the KarurVysya Bank. In addition to that textbooks and journals have been referred extensively to collect various information relating to this topic.

Statistical Tool
In order to analyses the performance of KarurVysya Bank, chi square test is used and appropriate inferences were drawn in the analysis and interpretation of data.

Limitations of the Study
Due to time factor this study is confined to a period to 1 year from Dec-2015 to August -2016.

- Since the period of Study is limited the changes prior to or after the study are not considered.
- The study covers only one Bank of Karur Vysya Bank, so the findings may not be generalized to the other commercial banks as a whole.
- The study is mainly based on the Qualitative data and quantitative data obtained from the published Annual Reports of the Bank it is
subject to inherent limitations of Customer satisfaction.

- The present study is of Micro level only.
- Analysis is made only on the basis of information provided by the bank and hence further investigation was not possible.

**IV. FINDINGS AND SUGGESTIONS**

- 54% of the respondents belong to the age 21-30 years they got highly satisfied using Karur Vysya Bank services.
- 56% of the respondents are male they got highly satisfied using Karur Vysya Bank services.
- 60% of the respondents belong to the married they got highly satisfied using Karur Vysya Bank services.
- 50% of the respondents are post graduate they got highly satisfied using Karur Vysya Bank ATM services.
- 30% of the respondent’s income level is 5000-10000 they got highly satisfied using KVB services.
- 66% of the respondents banking needs is important they got highly satisfied using KVB services.
- 78% of the respondents type of account is saving account they got highly satisfied using KVB services.

**V. CONCLUSION**

The Karur Vysya Bank plays an important role in servicing its customers. The Karur Vysya Banks are able to capture the minds of the customers by providing variety of modern and marketing services. Even technology paved the way for success in the banking by providing excellent services. Among the services provided to the customers by banks the services of Automatic Teller Machine plays a crucial role in the modern society. The researcher is has been identified that almost all the customers are accepting the Karur Vysya Bank Services as a useful and modern tool for dispensing cash due to advancement in technology. The present study focus on the customer satisfaction provided by Karur Vysya Bank in Erode District. The Karur Vysya Bank provided Excellent services to the society to development for Economic Development of the country.

**VI. REFERENCES**

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