

# A Study On Problems Faced By The Customer Towards The Services Of Canara Bank With Special Reference To Tirupur City

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**Abstract:** This study focuses on the performance and customer satisfaction in banking sector with special reference to Canara Bank Tirupur city. Data were collected from the customers of Canara Bank with a sample size numbering 530. A well structured questionnaire was employed to collect data from the respondents. Tools such as percentage analysis, chi square test and garrett ranking tests were used to analyse the data. The analysis revealed certain interesting results regarding the customer experiences with respect to the bank's facilities.

**Keywords:** Banking Service Problems, Customers satisfaction, ATM Service, Banking Awareness and Attitude, Canara Bank

## 1. Introduction

A bank is a financial institution that provides banking and other financial services to their customers. A bank is generally understood as an institution which provides fundamental banking services such as accepting deposits and providing loans. There are also non-banking institutions that provide certain banking services without meeting the legal definition of a bank. Banks are a subset of the financial services industry. The Banking sector offers several facilities and opportunities to their customers. money and valuables and provide As a variety of models for cooperation and integration among finance industries have emerged, some of the traditional distinctions between banks, insurance companies, and securities firms have diminished. In spite of these changes, banks continue to maintain and perform their primary role accepting deposits and lending funds from these deposits.

## 2. Need for the Banks

Before the establishment of banks, the financial activities were handled by money lenders and individuals. At that time the interest rates were very high. Again there were no security of public savings and no uniformity regarding loans. So as to overcome such problems the organized banking sector was established, which was fully regulated by the government. The organized banking sector works within the financial system to provide loans, accept deposits and provide other services to their customers.

### **Banks performed functions such as :**

To provide the security to the savings of customers, to control the supply of money and credit, to encourage public confidence in the working of the financial system, increase savings speedily and efficiently.

### **Banks relationship with customers:**

Banking is a relationship between the bank and customer—defined as any entity for which the bank agrees to conduct an account. The bank account balance is the financial position between the bank and the customer: when the account is in credit, the bank owes the balance to the

customer; when the account is overdrawn, the customer owes the balance to the bank. The Bank has its responsibility towards the customers and it is a form of a contract between the two. The contractual terms may be modified by express agreement between the customer and the bank. The statutes and regulations in force within a particular jurisdiction may also modify the above terms and/or create new rights, obligations or limitations relevant to the bank-customer relationship.

### **SIGNIFICANCE OF THE STUDY**

The research work give an insight into a practical situation. However, it indicates how to combat the problems with regards to the level of customer's satisfaction. It is also intended to facilitate the effort of policy makers to come out with policies that will embody effective customer satisfaction strategies.

### **OBJECTIVES:**

- ❖ To identify the important problems faced by the customer in the usage of current banking system.
- ❖ To customer satisfaction based on demographic problem
- ❖ To identify the communication and Mobile Phone, Net Banking System
- ❖ To analysis problem of the time taken for delivery of the services.

### **SAMPLING METHOD**

Convenient sampling method was employed in order to collect data from the respondents.

### **SAMPLE SIZE**

The study involved data from 530 respondents.

### **SOURCE OF DATA:**

Both primary and Secondary data were gathered for the study. Primary data was collected by the researcher from the field personally for the purpose of the research work. It was carried out mainly through the use of questionnaire and interviews to obtain original data for the purpose of

answering the research questions or problems from the respondents.

**Sampling below sample size :** The sampling unit of the study are the customers of Canara Bank branches in Tirupur City. Secondary data was used to ensure completeness of the research work. It involved the consultation and use of articles, Journals, Journals of management, Canara Bank Annual reports and website and consolidated balance sheet.

#### TOOL FOR DATA COLLECTION

**Questionnaire:** A Questionnaire was drafted according to the need of the study. It was improved so as to bring in the relevant information.

#### PILOT STUDY

In order to establish the relevance of the questionnaire, a pilot study was conducted with the sample size of 30 respondents. The required changes and modifications were carried out and the questionnaire was finalized for the study.

#### TOOLS FOR ANALYSIS

The following tools were used for analyzing the data.

1. Simple percentage analysis
2. Chi- square test

#### LIMITATION OF THE STUDY

In carrying out the research work, the researcher encountered the following limitations:

- ❖ Some of the customers are reluctant to disclose information.
- ❖ Time constraint was a major limitation.
- ❖ The working hours of the bank branches were a limitation in order to approach the respondents.
- ❖ The data and interpretation are limited only to the bank under study and cannot be generalized to other banks or branches.

#### REVIEW OF LITERATURE

**Aris et al (2013)<sup>1</sup>** in their study entitled “**Islamic Banking Products: Regulations, Issues and Challenges**” have reported that, the Islamic world is in its evolutionary phase. Islamic finance which comprises the banking system, takaful (Islamic insurance) and capital market products and services offer an alternative to society. The development is said to be phenomenal with a double-digit annual growth rate since its inception. With the increasing trends of Islamic finance, Islamic financial institutions (IFIs) around the world are encouraged to develop and innovate new products in order to meet the ever-changing demand from its customers and potential customers.

**Getembe et al (2013)<sup>4</sup>** in their study entitled “**Electronic Money Transfer Systems and Business Process Management among commercial banks in Kenya**” have reported that, conversion of ordinary business into e-business has forced organizations to be redesigned and reshaped. E-business is a combination of economic, technology and market forces that reinvented strategies of traditional business.

**Gupta et al (2013)<sup>5</sup>** in their study entitled “**Electronic Mode of Payment- A study Banking System**” have reported that in this paper researcher has been tried to

examine the developments of payment system in Indian banking system and analysed. ICT based payments and settlement service. In recent years Indian banking system have been undergoing from modernisation phase and implementing many innovation ideas in the system. This article focused on only payment and settlement system and it is based on secondary data sources. Data consist in it has been analysed by the simple statistical tools. This article consist ICT based payment system and services provided by RBI and banking institutions in India as well level of transaction volume, value as well as includes threats of electronic payment system as suggest applicable measures to enhance payment system.

**Uppal (2010)<sup>5</sup>** in his study entitled “**Emerging issues and strategies to enhance M-banking Services**” have reported that, the extent of mobile banking in Indian banking industry during 2000-07. The study concluded that among all e-channels, ATM is the most effective, while mobile banking does not hold a strong 47 position in public sector banks and old private sector banks.

**Nyong (1989)<sup>6</sup>** in his study entitled “**The Effect of Quality of Management on the Profitability of Commercial Banks: A Comparative Analysis Based on Nigerian Banking Experience**”, Cross-sectional data has been used along with questionnaires and interviews. The study found that if banks employed strong motivation factor, then the bank employees’ which were having long 27 years of experience along with good education were proved to be most productive and profitable.

**Singh (1990)<sup>7</sup>** in his study entitled “**An insight into factors influencing cross selling activity: banker perceptible**” has reported that A new chapter of sales culture has begun in the banks with a hope to get significant improvement in their growth. To build strong relationships, banks are giving their customers a service they are desperately looking for and, in exchange, customers are willing to provide favors for something they see as value. More and more banks across the country are adopting this education based marketing approach bundling with the strategy of cross selling.

#### ANALYSIS AND INTERPRETATION GARRETT’S RANKING TEST

##### Problems Faced By the Respondents

**Table No.1 ATM Problems**

Sl.No	Factors	Garrett score	Rank
1	Cards get blocked	48.89	IV
2	Machine out of cash	56.31	II
3	Non printing of statement	59.16	I
4	Machine out of order	53.02	III
5	long waiting time in queues	40.33	VI
6	Reduction in balance without cash payment	41.10	V

In order to understand the problems faced by the respondents upon using the banking services satisfaction, a Garret ranking test was employed. The results are given in below table.

#### Source:

The above table shows the ATM problem faced by the respondents. It can be seen that non printing statement was chosen as the first ranking problem with a score of 59.16, Machine out of cash was chosen as second ranking problem with score of 56.31, Machine out of order was chosen as third ranking problem with score of 53.02, cards get blocked was chosen as fourth ranking problem with score of 48.89, Reduction in balance without cash payment was chosen as fifth ranking problem with score of 41.10 and Long waiting time in queues was chosen as sixth ranking problem with a Garrett's score of 40.33.

**Table No. -2 Problems Faced By The Respondents**

In order to understand the problems faced by the customer garrett's ranking test was employed and the results are presented below:

Sl.No	Communication Problems	Mean score	Ranking
1	Not providing information	3.65	II
2	Not being able to maintain security	3.92	IV
3	Not giving fast response	3.00	I
4	Leaving the operation unfinished	4.02	V
5	Internet banking can be tampered with by others	3.82	III
6	Waiting for long time for conducting of transactions	5.02	VII
7	Too many steps in processing transaction	4.57	VI

#### Source:

The above table shows the communication Problem response faced by the respondents. It can be seen that not giving fast response was chosen as the first ranking problem with a score of 3.00, not providing information was chosen as second ranking problem with score of 3.65, Internet banking can be tampered with by other was chosen as third ranking problem with score of 3.82, Too many steps in processing transaction was chosen as fourth ranking problem with score of 4.57, Leaving the operation unfinished was chosen as fifth ranking problem with score of 4.02, Too many steps in processing transaction was chosen as sixth ranking problem with score of 4.57 and Waiting for long time for conducting of transaction was chosen as sixth ranking problem with a garrett's rank test score of 40.33

**Table No. 3 Tele Phone Banking Problems**

	Tele Phone Banking Problems	Mean	Ranking
1	Lack knowledge of customer service representative	2.48	II
2	Absence immediate connection to the service	2.64	IV
3	Lack of prompt service.	2.28	I
4	Lack of clear guidelines.	2.60	III

#### Source:

The above table shows the Tele phone banking problems faced by the respondents. It can be seen that Lack of prompt service was chosen as the first ranking problem with a score

of 2.28, Lack knowledge of customer service representative was chosen as second ranking problem with score of 2.48, Lack of clear guidelines was chosen as third ranking problem with score of 2.60 and Absence immediate connection to the service was chosen as sixth ranking problem with a garrett's Rank test score of 2.64

#### FINDINGS OF THE STUDY

The above table shows the ATM problem faced by the respondents.

- ❖ It can be seen that non printing statement was chosen as the first ranking problem with a score of 59.16.
- ❖ Machine out of cash was chosen as second ranking problem with score of 56.31, Machine out of order was chosen as third ranking problem with score of 53.02.
- ❖ Cards get blocked was chosen as fourth ranking problem with score of 48.89, Reduction in balance without cash payment was chosen as fifth ranking problem with score of 41.10 and Long waiting time in queues was chosen as sixth ranking problem with a Garrett's score of 40.33.
- ❖ The above table shows the communication Problem response faced by the respondents. It can be seen that not giving fast response was chosen as the first ranking problem with a score of 3.00, not providing information was chosen as second ranking problem with score of 3.65.
- ❖ Internet banking can be tampered with by other was chosen as third ranking problem with score of 3.82.
- ❖ Too many steps in processing transaction was chosen as fourth ranking problem with score of 4.57, Leaving the operation unfinished was chosen as fifth ranking problem with score of 4.02.
- ❖ Too many steps in processing transaction was chosen as sixth ranking problem with score of 4.57 and Waiting for long time for conducting of transaction was chosen as sixth ranking problem with a garrett's rank test score of 40.33.
- ❖ The above table shows the Tele phone banking problems faced by the respondents. It can be seen that Lack of prompt service was chosen as the first ranking problem with a score of 2.28.
- ❖ Lack knowledge of customer service representative was chosen as second ranking problem with score of 2.48.
- ❖ Lack of clear guidelines was chosen as third ranking problem with score of 2.60 and Absence immediate connection to the service was chosen as sixth ranking problem with a garrett's Rank test score of 2.64.

#### SUGGESTIONS

After studying the impact the canara bank has on the customer satisfaction, it has been suggested that proper understanding of the customer and proper identification of their needs and want must be concentrate on,

- The customers have to be made aware of the new developments and advances that are taking place in the banking sector. The online transactions enter straightaway into the records revealing the identity of customer. Once these safety measures are taken

care of, then the whole concept becomes very discrete and confidential.

- The customers of the bank should be taken into confidence by issuing the loans in time so that the customer service can be improved.
- The problems that are faced by the customers have to be solved and weaknesses be converted into strengths.
- Special training can be arranged for the managers on current developments and the new ways to carry out customer service.
- The bank should consider extending Internet Banking to more branches and enable more transactions at ATMs and also to open more ATMs for the benefits of the customers and this will bring in more new accounts.
- Increasing manpower would be a very important addition in order to serve the customers better.

### CONCLUSIONS

The study was aimed at understanding the problems faced by the customers of Canara Bank in Tirupur. Various types of problems were listed and the respondents were asked to rank the problems. Which revealed certain interesting facts about the same certain suggestions were gives so as to convert the problems into strength for the bank, therefore attending more loyal customers.

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