



A study on customer satisfaction towards retail banking services of YES Bank

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Abstract

Banking in India in the modern sense originated in the last decades of the 18th century. Among the first banks were the Bank of Hindustan, which was established in 1770 and liquidated in 1829-32; and the General Bank of India, established 1786 but failed in 1791. With a jump in the Indian economy from a manufacturing sector, that never really took off, to a nascent service sector, Banking as a whole is undergoing a change. A larger option for the consumer is getting translated into a larger demand for financial products and customization of services is fast becoming the norm than a competitive advantage. The banking sector as a whole is seeing structural changes in regulatory frameworks and securitization and stringent NPA norms expected to be in place by 2004 means the faster one adapts to these changing dynamics, the faster is one expected to gain the advantage. In this article, we try to study the reasons behind the euphemism regarding the Retail-focus of the Indian banks and try to assess how much of it is worth the attention that it is attracting. This research work looks at future of retail banking and customer's satisfaction with reference to YES bank. Consumers all over the world have become more quality conscious; hence, there has been an increased customer demand for higher quality services.

Keywords: Bank, retail banking, customer satisfaction, customer etc.

Introduction

Indian Banking industry is one of the most technologically advanced industries with vast networks of branches empowered by strong banking systems, their wide range of product and effective distribution channel capabilities. However, regulatory, structural and technological factors are significantly changing the banking environment throughout the world. One of the most important factors that are motivating the growth of the Indian banking institutions is the liberalization. The financial sector reforms in India were designed to infuse greater competitive vitality in the banking system. To achieve this objective, the "Narsimha Committee" was formed. The Narsimha Committee report suggested wide ranging reforms for the Indian banking sector in 1992, including the important one to introduce internationally accepted banking practices so as to enable Indian banks to achieve service excellence.

YES Bank is a private bank in India with headquarters in Mumbai. It was founded in 2004 by promoters Ashok Kapur and Rana Kapoor, which had a collective shareholding of 29%. Ashok Kapur was killed in a terrorist attack in 2008 in Mumbai.

At YES BANK, our differentiation begins with a simple word 'Yes'. 'YES' represents our true spirit of being service-oriented. This spirit is supported by key facets, which distinguish us from our peers. These facets comprise knowledge, human capital, technology and responsibility. We are India's fourth largest private sector bank. We have steadily built a full-service commercial bank with Corporate, Retail and SME Banking platforms, with a comprehensive product suite of Financial Markets, Investment Banking, Corporate Finance, Branch Banking, Business and Transaction Banking and Wealth Management.

Vision

YES BANK's vision is to become the 'Best Quality Bank of the World' in India and evolve its organizational ethos into the "Professionals' Bank of India".

Brand Pillars

At YES BANK, balanced growth is supported by our five Brand Pillars:

Growth: YES BANK's core promise of growth for stakeholders is represented through 'Say YES to Growth!'

Trust: YES BANK's leadership team is of the highest pedigree with a demonstrated track record reinforcing our motto: 'Say YES to Trust!'

Human Capital: YES BANK has adopted a knowledge driven, entrepreneurial management approach and offers financial solutions beyond the traditional realm of banking. YES BANK's top quality Human Capital represents the finest talent in the Indian banking sector.

Technology: YES BANK is establishing the highest standards in customer service by adopting cutting-edge, innovative technology. The only thing constant about technology used at YES BANK is evolution.

Transparency and Responsible Banking: YES BANK considers Transparency and Accountability to be of utmost importance. YES BANK has established one of the most stringent Corporate Governance norms, and is committed to Responsible Banking by focusing on Sustainability and Social Responsibility.

Retail Banking: Refers to banking in which banking institutions execute transactions directly with consumers, rather than corporations or other banks. Services offered

include: savings and checking accounts, mortgages, personal loans, debit cards, credit cards, and so forth. And to know about the customer's perceptions about the different products of the bank like current account, savings account, FD, Smart Saver, Smart Access and others.

As there are immense opportunities of the retail banking in India. This project is on the issues and challenges in the retail banking because of the competition of the various banks and the customer satisfaction of the services which the banks are providing and at the same time to solve the complaints of the customer and maintaining the sound relationship for the future and by this way to estimate the future growth of the retail banking.

This division provides a range of financial services to individual customers and small companies. It operates mainly through branch networks.

Retail banking includes routine transactions like deposits and withdrawals of money; money transfer; foreign currency exchange and travellers cheque encashment. They also deal with personal and small loans, credit and mortgages; insurance policies; investment schemes; pension funds; and advice to customers on various financial matters. Apart from offering home loans, car loans, educational loans, consumer loans, etc. They also develop various deposit schemes and help people fill their coffers.

Opportunities and challenge

Retail banking has immense opportunities in a growing economy like India. As the growth story gets unfolded in India, retail banking is going to emerge a major driver. How does the world view us? The BRIC report is viewing India as an economic superpower. A.T. Kearney, a global management-consulting firm, recently identified India as the —second most attractive retail destinationl of 30 emergent markets.

The rise of Indian middle class is an important contributory factor in this regard. The percentage of middle to high-income Indian households is expected to continue rising. The younger population not only wields increasing purchasing power, but as far as acquiring personal debt is concerned, they are perhaps more comfortable than previous generations. Improving consumer purchasing power, coupled with more liberal attitudes towards personal debt, is contributing to India's retail banking segment.

The combination of above factors promises substantial growth in retail sector, which at present is in the nascent stage. Due to bundling of services and delivery channels, the areas of potential conflicts of interest tend to increase in universal banks and financial conglomerates. Some of the key policy issues relevant to the retail-banking sector are: financial inclusion, responsible lending, and access to finance, long-term savings, financial capability, consumer protection, regulation and financial crime prevention.

What are the challenges for the industry and its stakeholders

First: Retention of consumers is going to be a major challenge. According to a research by Riechheld and Sasser in the Harvard business review, 5percent increase in customer retention can increase profitability by 35 percent in banking business, 50 percent in insurance and brokerage, and 125 percent in the consumer credit card market. Thus, banks need to emphasis on retaining consumer and increasing the market share.

Second: Rising indebtedness could turn out to be a cause for concern in the future. India's position, of course, is not comparable to that of developed world where household debt as a proportion of disposable income is much higher. Such a scenario creates high uncertainty. Expressing concerns about the high growth witnessed in consumer credit segments the reserve bank has, as a temporary measure, put in place risk containment measures and increased the weight from 100 percent to 125 percent in the case of consumer credit including personal loans and credit cards.

Third: Information technology poses both opportunities and challenges. Even with ATM machines and Internet Banking, many of the customers still prefer the personal touch of their neighborhood branch bank. Technology has made it possible to deliver services throughout branch network, providing instant updates to checking accounts and rapid movement of money for stock transfers. However, this dependency on the network has bought IT department's additional responsibilities and challenges in managing, maintaining and optimizing the performance of retail banking networks. Illustratively, ensuring that all bank products and services are available, at all times, and across the entire organization is essential for today's retail banks to generate revenue and remain competitive. Besides, there are network management challenges, whereby keeping this complex, distributed networks and applications operating properly in support of business objectives becomes essential. Specific challenges include ensuring that account transaction applications run efficiently between the branch offices and data centers.

Fourth: KYC Issues and money laundering risks in retail banking is yet another important issue. Retail lending is regarded as a low risk area for money laundering because of the perception of the sums involved. However, competition for clients may also lead to KYC procedures being waived in the bid for new business. Banks must also consider seriously the type of identification documents the will accept and other processes to be completed. The Reserve Bank has issued details guidelines on application of KYC norms in November 2004.

Trends in Retail Banking

Key trends in retail Banking are

1. Bifurcation of the retail banking business

- **National:** Consolidate- Credit Cards, Home Equity Loans Mortgages
- **Local:** Fragmented- Deposits, Installment Loans, Small Business Loans

2. Lack of differentiation in retail financial services

Many financial institutions are struggling to differentiate their value propositions

In the retail banking market.

- Free checking is now offered by all or most financial institutions.
- Most institutions no longer charge for online banking or online bill payment.
- Extended branch hours are increasingly common in many markets, as banks
- Seek to increase customer convenience.

3. Proliferation and growth of electronic payments

In the last 25 years, the range of payment methods available in the market has exploded. In addition to cash, checks, and credit cards, consumers can now use one of an expanding array of electronic payment options that includes debit cards, prepaid cards, online bill payment, automatic bill payment, and P2P services.

4. Increasing demand for ATM access

Strategies for Ensuring high Customer Satisfaction

- Set service expectations and standards of behavior- this means that managers must set clear service expectations and standards of behavior, beginning with defining "excellent service."
- Identify and eliminate barriers and obstacles. Policies that do not make sense; procedures that get in the way; and rules, norms that make satisfying customers difficult all need to be eliminated to successfully improve service
- Learn and develop skills. Clearly, personnel at all levels should learn new skills related to service excellence and serve the customer.
- Listen to your customers. Measurement of customer satisfaction can be a powerful way to improve service if the feedback is not focused on punishment. Managers need to help staff hear, first hand, how they are doing. For this feedback to be effective, however, it must be tied to specific targets and goals and needs to be frontline driven
- Reinforce and support continuous improvement. The real challenge is keeping the energy, learning, and improving alive and going

Future of Retail Banking

How do we see the future of retail banking? What are the major attributes of the shape of things to come in this sector?

First: Customer service should be the be-all and end-all of retail banking. The other day a document released by the British Bankers Association, entitled UK Retail Banking Manifesto: addressing the challenges that lie ahead for the industry and its stakeholders on September 29, 2004 came to my notice. This document analyzed the key policy issues relevant to the retail banking sector and highlighted the role of financial inclusion, responsible lending, access to finance, and consumer protection. It is in this context that that one is reminded of the needs to develop the standards and codes for banking.

Second: Sharing of information about the credit history of households is extremely important as far retail banking is concerned. Perhaps due the confidential nature of banker-customer, banks have a traditional resistance to share credit information on the client, not only with one another, but also across sectors. Globally, Credit Information Bureaus have, therefore, been set up to function as a repository of credit information - both current and historical data on existing and potential borrowers.

Third: Outsourcing has become an important issue in the recent past. With the increasing market orientation of the financial system and to cope with the competition as also to benefit from the technological innovations such as, e-banking, the banks are making increasing use of

"outsourcing" as a means of both reducing costs and achieving better efficiency. While outsourcing does have various cost advantages, it has the potential to transfer risk, management and compliance to third parties who may not be regulated.

Finally: Retail banking does not refer to lending only. In the whole story of retailing one should not forget the role played by retail depositors. The homemaker, the retail shop keeper, the pensioners, self-employed and those employed in unorganized sector - all need to get a place in the banks. It is in this backdrop that the Annual Policy for 2005-06 pointed out issues relating to financial exclusion and had announced that the RBI would implement policies to encourage banks which provide extensive services while disincentivising those which are not responsive to The banking needs of the community, including the underprivileged.

Literature review

Sudhir (2005) in his study entitled as, "Growth Pattern of Retail Banking" emphasizes that existing potential of Retail Banking was untapped in rural and semi-rural areas and that untapped clientele provided a good and vast opportunity for growth in this segment.

Timothy & Williams (2005) in their article, entitled as, "The Role of Retail Banking in the US Banking Industry: Risk, Return and Industry structure" focused the return in retail' in the US Banking industry, the reason for shift and the rising trends in retail loan share. The observed trends in retail loan shares, retail deposit shares, the balance sheets of US consumer and the number of bank branches all indicate an increased focus on retail activities. .

Groeneveld & Wagemakers (2012) in their article entitled as, "Retail Banking Strategies", focuses on retail banking strategy and lays emphasis on retail banking in the broadest sense of the world. Many banks 'rediscovered' retail banking after the collapse of corporate and investment banking activities and the drop in stock prices in the last few years.

Reinhold Leichtfuss, (2014) in the study entitled as, "Retail Banking – Winning Strategies and Business Models Revisited", analyzed the performance of retail banking in different western countries of the world. It high light the strategies followed by different bank groups in the western countries. It also aims to help banks reassess their strategies, business models and plans for emerging from the crisis faster and in a stronger position than their peers. It also includes insight into the performance of retail banks for 2001 to 2008 and in the first three quarters of 2009, based on data of more than 140 banks around the globe.

Thomas M. Hoening (2014) in his study entitled as, "The Future of Retail Banking and Payments - Developments in Global Market, the Role of Central Banks", points out that the retail payments in the United States and worldwide have an enormous transformation over the past decade driven by technology and change in consumer preference. Federal Reserve study indicated that electronic payments now exceed two-third of all non-cash payments in the United States. The major factor of the transformation banking system is efficiency convenience, speed and ease of use and will continue to do so.

Tantakasem & Lee (2014) in their study entitled as "Service Quality and the Customer Satisfaction Chain in the Retail

Banking Industry”, attempt to create a better understanding of the relationship between different types of service quality attributes and customer satisfaction by focusing on the retail banking industry in Thailand. The study finds that there are three types of quality attributes that affect customer satisfaction: (1) basic factors (2) performance factor, and (3) excitement factors, and that these factor will vary in their impact on customer satisfaction.

O.V. Safakali (2022) in his book entitled as, Testing Seroquel Dimensions on the Commercial Bank Sector of Northern Cyprus” examines the sustainability of Seroquel dimensions towards the service quality of commercial bank of Northern Cyprus. In the study, factor analysis as the principal method of the research has necessitated the revision of Seroquel dimensions so as to reflect unique customer preference in Northern Cyprus.

Research methodology

Research is Logical and precise look for picking up data and learning on a particular subject or marvels. This study will help us to understand the customer satisfaction towards retail banking and futre of retail banking. This study will help banks to understand, how a customer selects, organizes, and interprets the various service offered by the banks.

Objectives of study

- To study the issues and challenges in retail banking
- To study the recent trends in retail banking
- To ensure high satisfaction level and reduce percentage of complaints of customer in retail banking.
- To estimate the future growth of Indian retail banking.

Research design

Research design is simply the framework or plan for a study, used as a guide in collecting and Analyzing data. For the study, Exploratory Research Design was undertaken to classify the investors on their risk and return profile.

Data collection

The method of collection of primary data was personal direct interview through a structured questionnaire. Questionnaire is the method of data collection, which is very much popular, particularly in big cities. Different modes of questions are put up on the paper and the particular universe, on which the research is conducted, are asked to fill their responses

The Secondary source includes data collection through:

- Magazines
- Company Website

Sampling technique

- **Sample Size:** Sample size for this research was restricted to 50 respondents.
- **Sampling Method:** For this research work Non-Probability Convenience Sampling has been chosen.
- **Area of Study:** Haryana

Findings

- 90% of customers are happy with the bank timings & they opinioned that it is very good.
- 80% of respondents like the branch ambience & layout and said that branch was clean and well maintained.

- 76% respondents view that Branch personnel had listened to them patiently and have been able to respond to their queries and clarifications.
- 74% of respondent responded that Branch personnel had been very helpful and courteous.
- 72% of respondents opinioned that branch personnel does Need Analyses & Risk Assessment of customer savings before recommending any investment option to them.
- 86% of respondent that branch personnel areaware of Product and Services and responded to your queries.
- 80% of respondents opinioned that waiting time at the Teller Counter is very good.
- 90% of respondent opinioned that transactions are smooth and error free & is very good.
- 82% of respondent responded that Yes Bank looks into the feedback & is very good.
- 80% of respondent opinioned that they are happy with the TAT post request is very good.
- 45% of respondent are in favour of Money Monitor feature of the YBL Savings account.
- 74% of the respondent opinioned that YES COMMUNITY EVENTS are very good.
- 78% of the respondent opinioned that information in bank statement is clear, easy & adequate and is very good.
- 90% of respondent opinioned that they will most definitely recommend YES BANK to their friends & relatives. Overall the response of the bank customer is good.

Conclusion

The study was very fruitful, it yielded the desired results, helped me understand the retail banking. The study also helps in what are the customer opinions towards operations of bank & its various product and services.

Any serious discussion of the future of the retail banking industry eventually raises a basic question: will future customers still need retail banks? The answer, it turns out, depends on banks themselves. With technology and nonblank businesses providing new options for safeguarding and managing their finances, customers will continue to depend on banks only as long as banks can provide service and value that cannot be found anywhere else.

The need to become highly customer focused has forced the slow-moving public sector banks to adopt a fast track approach. The unleashing of products and services through the net has galvanized players at all levels of the banking and financial institutions market grid to look a new at their existing portfolio offering. Conservative banking practices allowed.

Indian banks to be insulated partially from the Asian currency crisis. Indian banks are now quoting at higher valuation when compared to banks in other Asian countries (*viz.* Hong Kong, Singapore, Philippines etc.) That have major problems linked to huge Non Performing Assets (npas) and payment defaults. Co-operative banks are nimble footed in approach and armed with efficient branch networks focus primarily on the _high revenue ‘niche retail segments.

The Indian banking has finally worked up to the competitive dynamics of the new Indian market and is addressing the relevant issues to take on the multifarious challenges of globalization. Banks that employ IT solutions are perceived

to be futuristic 'and proactive players capable of meeting the multifarious requirements of the large customer's base.

YES BANK has a great opportunity to increase their market potential in the present market situation.

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