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## CUSTOMER SATISFACTION AND PERCEPTION TOWARDS THE SERVICES OF COOPERATIVE BANKS

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### ABSTRACT

*A co-operative bank is a financial entity which belongs to its members, who are at the same time the owners and the customers of their bank. Co-operative banks are often created by persons belonging to the same local or professional community or sharing a common interest and provide their members with a wide range of banking and financial services like loans, deposits, banking accounts etc. For the improvement of their performance or quality of service, the banks should measure how their products and services met or exceed customer expectations. This paper focused on the customer satisfaction towards the services provided by the co-operative banks reference to malappuram Service Cooperative Bank. Responses of 85 customers were randomly selected for knowing their experience with the bank. The results showed that the customers of bank were highly satisfied with their services and attitude of the employees but they express their dissatisfaction towards the less technological advancements.*

**KEY WORDS:** *Co-operative bank- Customer satisfaction- Performance- Services.*

**INTRODUCTION**

Co-operative banks are small-sized units organized in the co-operative sector which function both in urban and non-urban centers. These banks are usually centered on communities, localities and work place groups and they basically lend to small borrowers and businesses. Co-operative banks function on 'no-profit no-loss' basis. Co-operative banks do not pursue the goal of profit maximisation. Therefore these banks do not focus on offering more than the basic banking services and grant finance to small borrowers in industrial and trade sectors besides professional and salary classes.

A co-operative bank is a financial entity which belongs to its members, who are at the same time the owners and the customers of their bank. Co-operative banks are often created by persons belonging to the same local or professional community or sharing a common interest and provide their members with a wide range of banking and financial services like loans, deposits, banking accounts etc. For the improvement of their performance or quality of service, the banks should measure how their products and services met or exceed customer expectations. Thus the customer satisfaction acts as a key performance indicator within the organizations and which have powerful effects. They give awareness to employees about the importance of fulfilling customer's expectations. Thus, expectations are a key factor behind satisfaction. When customers have high expectations and the reality falls short, they will be disappointed and will likely rate their experience as less than satisfying.

Co-operative banks are now an important element of Indian Financial System and are much more important in India than anywhere else in the world. It has gained its importance by the role assigned to them, the

expectations they are supposed to fulfill, their number, and the number of offices they operate. Their role in rural financing continues to be important even today. Following are the some common features of Co-operative banks:

- ▲ **Customer's owned entities:** The needs of the customers meet the needs of the owners, as co-operative bank members are both. As a result, the first aim of a co-operative bank is not to maximize profit but to provide the best possible products and services to its members. Some co-operative banks only operate with their members but most of them also admit non-member clients to benefit from their banking and financial services.
- ▲ **Democratic member control:** Co-operative banks are owned and controlled by their members, who democratically elect the board of directors. Members usually have equal voting rights, according to the co-operative principle of "one person, one vote".
- ▲ **Profit allocation:** A significant part of the yearly profit, benefits or surplus is usually allocated to constitute reserves. A part of this profit can also be distributed to the co-operative members, with legal or statutory limitations in most cases. Profit is usually allocated to members either through a patronage dividend, which is related to the use of the co-operatives products and services by each member, or through an interest or a dividend, which is related to the number of shares subscribed by each member.

- ▲ **Co-operative banks are deeply rooted inside local areas and communities:** They are involved in local development and contribute to the sustainable development of their communities, as their members and management board usually belong to the communities in which they exercise their activities. By increasing banking access in areas or markets like SMEs, farmers in rural areas and middle or low income households in urban areas etc. where other banks are less present and they reduce banking exclusion and promote the economic ability of millions of people.
- ▲ **Leads to economic growth of the country:** They play a significant role on the economic growth in the countries in which they work in and increase the efficiency of the international financial system. Their specific form of enterprise, relying on the above-mentioned principles of organization, has proven successful both in developed and developing countries.

## LITERATURE REVIEW

**Ravi C.S & Kundan Basavaraj (2013)** investigated the preference and satisfaction level of customers towards loans, deposits schemes, insurances and value added services rendered by private and public banks in Shivamogga district. Business and vehicle loans are fast moving than other services and overall satisfaction resulted at 50%. Further, overall satisfaction on bank deposit schemes resulted positively while other services of banking still need to be given attention by focusing on customer issues. New innovative schemes, strategies to cater to non users other services have to be adopted.

## **Dr. Snehal Kumar H Mistry (2013)**

focused on the factors that affecting customer satisfaction in banks and analyzes their effects. It is revealed that customer satisfaction is the key for many banks to survive competition. Customer gives third preference to assurance factor, it include criteria like safety of transaction, consistency in service etc. So, banks whether they are private sector bank or public sector bank they should give more focus on increasing reliability, responsiveness and assurance. For that they can give training to their employee which will help them to give personalized service.

**Dr. A. H. Sequeira (2012)** made an attempt to address the issues related to customer satisfaction and quickness of transactions in co-operative banks. It is clear from the results that the customer services are reasonably satisfactory.

**S.Sivesan (2012)** found the impact of the service quality on customer's satisfaction in banking sectors. Service quality are inter related with customer satisfaction. Manager of the bank or administrative body needs to identify the primary quality determinants, clearly managing the customer expectation, educating the knowledge to customer regarding the service for improving the service quality in the banking sectors.

## OBJECTIVES

- ⇒ To understand the customer's satisfaction and perception towards the services of cooperative bank.
- ⇒ To get an overview about the services and performance of cooperative banks.

## METHODOLOGY

The study deals with the satisfaction level of the services of cooperative banks reference to malappuram Service Cooperative Bank. Responses of 85 customers of the

cooperative bank were randomly selected for knowing their experience with the bank. The data also collected from various books, reports, journals and website. For analyzing the collected information percentage method is used.

## DATA ANALYSIS & INFERENCE

The opinions of customers are shown under different heads. Which give the information that, if the customers were satisfied with the services of Malappuram Service Co-operative Bank or not. Customer's opinion about the services of bank was summarized as below table:

HS= Highly Satisfied, S= Satisfied, A= Average, D = Dissatisfied, HD = Highly Dissatisfied.

Factors	H S	S	A	D	HD
Document Formalities of the bank	21	35	27	2	0
Interest rate of loans	17	23	44	1	0
Convenience to reach the bank	14	30	38	2	1
Relationship of employees	36	32	15	2	0
Overall Services	41	32	11	1	0
Modern equipment/ technology used	12	13	23	18	19
Time taken for the operations	19	39	23	4	0
Physical facilities of the bank	15	22	38	4	6
Employees attitude & behaviour	11	16	58	0	0
Banks interest in solving customer's problems	18	44	21	2	0
Convenience of operating hours	12	28	35	9	1

### Inference:-

The above table indicates that the customers are highly satisfied with the services of the cooperative bank and the relationship of employees with their customers. But most of the customers expressed some sort of dissatisfaction in modern equipments and technology used by the bank comparatively to other private and public bank. The study showed that the customers have positive attitude towards the services.

### CONCLUSION

Co-operative banks are frequently formed by persons belonging to the same local or professional community or sharing a common interest and provide a wide range of banking and financial services like loans, deposits, banking accounts etc to the members. The banks were conducted many studies to understand how their products and services met or exceed customer expectations for the improvement of performance or quality of service. This study showed the positive opinion

towards the service of bank and the behaviour of employees for rendering services. But compared to other private and public banks, cooperative banks little bit poorer in the adoption of technology and modern equipments. Gradually the cooperative banks will adopt more and more modern technologies for facing competition and make their services more qualitative one.

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