



## FACTORS INFLUENCING CUSTOMER'S TO SELECT BANK IN TIRUNELVELI DISTRICT- AN ANALYSIS

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### Abstract:

The purpose of this study is to investigate the factor affect the customer behavior when choosing the bank. In the meanwhile, this study also provides result of whether the variables such as convenience, service quality, price of products and services, security and technology have significant effect on bank selection. The following are the objectives focused in the study: to study the reasons for selection of bank by the customers and to analyse the relationship between types of bank with reasons for selection of bank by the customers. Primary Data was collected by using questionnaire under simple random sampling method. 600 samples were selected from various Public Sector Banks like State Bank of India, Indian Bank and Indian Overseas Bank and Private sector banks like ICICI, HDFC, TMB Bank in Tirunelveli district. In this paper, the major findings are based the factors influencing customer to select the bank in Tirunelveli District.

**Key Words:** Bank, Customer, Selection of Bank, Factors, Public Sector & Private Sector Bank

### Introduction:

In this new trend of globalization, banks are playing an important role in maintaining a healthy financial system and economics for the country. The economics and business environment is gradually changing and getting more competitive against other banks to compete for customers. Since bank is a financial institution that manages money and helps in developing the country economic, it is important for the bank to understand the customer behavior and demands towards the bank products and services. This research aims on the understanding of various determinants and why people choose the banks for their products and services or decide which to choose for their bank of preferences.

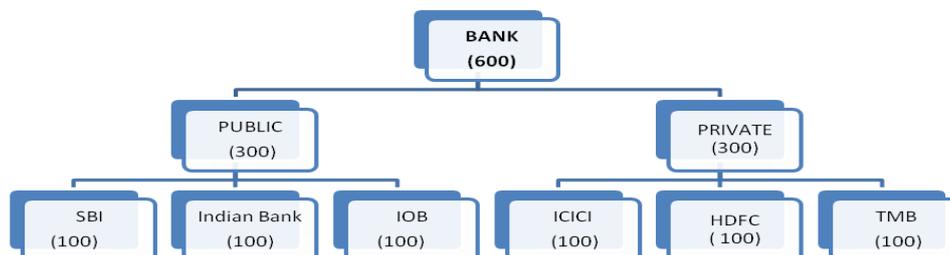
### Objectives of the Study:

The following are the objectives of the study

- ✓ To study the reasons for selection of bank by the customers.
- ✓ To analyse the relationship between types of bank with reasons for selection of bank by the customers.

### Methodology:

Primary Data was collected by using questionnaire under simple random sampling method. Secondary data were collected from internet, books, journals, magazines and newspapers. 600 samples were selected from various Public Sector Banks like State Bank of India, Indian Bank and Indian Overseas Bank and Private sector banks like ICICI, HDFC, Tamilnadu Mercantile Bank in Tirunelveli district. The method of allocation is given below



### Analysis and Interpretation:

- ✓ 80.5 per cent of the respondents are male and remaining 19.5 per cent of the respondents are female. It describes that majority of the respondents are male.
- ✓ 40.2 per cent of the respondents are belonging to the age group of 36-45 years.
- ✓ The researcher found that 80.2 per cent of the respondents are married.
- ✓ The researcher found that 33.8 per cent of the respondents are Graduates.
- ✓ 32.8 per cent of the respondents are Salaried (Govt. /Pvt. It shows that salaried people are more having saving habit and using most of the services provided by the banks.
- ✓ The researcher found that, 46.8 per cent of the respondents are earning Rs. 10001-20000.

- ✓ 34.8 percent of the respondents don't have account with more than one bank, 29.5 percent of the respondents have account with more than one bank. It describes due some important reason like want to open salary account customers are forced to open an account with some other banks.
- ✓ The majority of the respondents are partly aware of the technological banking services provided by the bank.
- ✓ 40.16 percent of the respondents are using technological banking for more than five years. It clearly denotes that technological banking has tremendous growth before a decade itself.
- ✓ Both public and private sector banks customers know about the use of the technological banking services only through their friends/relatives.
- ✓ Majority respondents selected their banks due to security in the banks they prefer banking sector to safeguard their money, jewels and earn interest from their deposits, etc.

Table 1: Types of bank and Reason for selection of bank - Convenience

Type of Bank	Convenience				Total
	Strongly Agree	Agree	Moderate	Disagree	
Public	197	37	43	23	300
Private	217	41	32	10	300
<b>Total</b>	<b>414</b>	<b>78</b>	<b>75</b>	<b>33</b>	<b>600</b>

H<sub>0</sub> There is no significant association between the types of bank and reason for selection of bank – Convenience.

H<sub>1</sub> There is significant association between the types of bank and reason for selection of bank – Convenience.

**Statistical Inference:**

$$X = 7.906$$

$$Df = 3$$

$$P = 0.04$$

$$P < 0.05 \text{ significant}$$

In the above table the observed value of chi square is 7.906 and the corresponding significant value is 0.04 less than 0.05, there is a significant association between type of bank and reason for selection of bank – Convenience hence the null hypothesis is rejected.

Table 2: Types of bank and Reason for selection of bank – Trust with Banking Services

Types of Bank	Trust with Banking Services					Total
	Strongly Agree	Agree	Moderate	Disagree	Strongly Disagree	
Public	191	47	33	19	10	300
Private	177	66	37	11	9	300
<b>Total</b>	<b>368</b>	<b>113</b>	<b>70</b>	<b>30</b>	<b>19</b>	<b>600</b>

Source: Primary Data

H<sub>0</sub> There is no significant association between the types of bank and reason for selection of bank – Trust with Banking Services.

H<sub>1</sub> There is significant association between the types of bank and reason for selection of bank – Trust with Banking Services.

**Statistical Inference:**

$$X = 6.142$$

$$Df = 4$$

$$P = 0.189$$

$$P > 0.05 \text{ significant}$$

In the above table the observed value of chi square is 6.142 and the corresponding significant value is 0.189 greater than 0.05, there is a significant association between type of bank and reason for selection of bank – Trust with Banking Services hence the null hypothesis is accepted.

Table 3: Types of bank and Reason for selection of bank – Security

Types of Bank	Security				Total
	Strongly Agree	Agree	Moderate	Disagree	
Public	247	53	0	0	300
Private	231	44	22	3	300
<b>Total</b>	<b>478</b>	<b>97</b>	<b>22</b>	<b>3</b>	<b>600</b>

Source: Primary Data

H<sub>0</sub> There is no significant association between the types of bank and reason for selection of bank – Security.

H<sub>1</sub> There is significant association between the types of bank and reason for selection of bank – Security.

**Statistical Inference:**

$$X = 26.37$$

$$Df = 3$$

P = 0.01

P <= 0.05 significant

In the above table the observed value of chi square is 26.37 and the corresponding significant value is 0.01 less than 0.05, there is a significant association between type of bank and reason for selection of bank – Security hence the null hypothesis is rejected.

**Suggestions:**

The following are the suggestions recommended to the banks to improve their technological banking services.

- ✓ The security and safety in access the ATM, Mobile Banking, Internet Banking has to be keenly noted.
- ✓ Make use of the technology much easier.
- ✓ The thumb impression is used as a PIN code or Password for Internet Banking to avoid hacker's money theft in technological banking.
- ✓ The software application for mobile banking is not suitable for all mobile phones. Due to tremendous development in the latest technologies in the mobile phones. Customers have various models of mobiles. So satisfy their customers banker has to take proper steps in having suitable software for all types of mobile phones.
- ✓ Charges, exchange rates, interest rates for deposits and for taking demand draft are to be send to the customers periodically through SMS alters. It helps the customer to make interest to deposit money and take DD if necessary without having many quires while at the working time.
- ✓ A banker has to arrange facilities to solve their problems by themselves through online itself.
- ✓ New schemes introduced by the banks should reach the customer within limited period by informing the scheme through sending e-mail, SMS, advertising in media and newspaper.
- ✓ Research and studies are conducted frequently to understand the expectation of the customers.
- ✓ Bank Managers have to be very careful in analyzing the requirement of various groups of customers. Then only they can position the right product to right customers at the right time.
- ✓ Bankers have to give more advertisements in media to attract more customers through their services.
- ✓ New customers could be attracted to bank through marketing programmes.
- ✓ Internet banking there should not be time limit for transferring amount from the account to the beneficiaries.
- ✓ Public sector has to take steps to advertise about their latest services through advertisements because it is an easiest mode of advertising about the services and attract more users.

**Conclusion:**

Banking sector plays an important role in the economic development in India. Banking is still under evolutionary stage as it is adopting new technologies to further facilitate the customer convenience in the secured environment. Technological banking is becoming popular amongst customers who are familiar with the technology upgradation but it is gradually spreading to mass especially at urban and metropolitan cities. Few banks have taken an early lead by introducing technological banking. These banks are providing the basic services through technological banking viz account enquiry, details of last five transactions and statement of accounts, etc. they have the basic infrastructure to offer the art of services through technological banking. The study on the customer perception towards user friendly technology in banking sector reveals that respondents are satisfied in some aspects and they want to continue in their respective banks. The shift from cutomerised service to personalized services is highly essential to satisfy all groups of customers. The findings of the study stresses upon the importance of the security and safety expected by the customers especially in technological banking like ATM, Internet Banking, Mobile Banking, etc. The future of Internet banking lies in offering personalized Internet based services that are not only valued by their customers but are also unique to them. This would help distinguish themselves in the crowd. This would also help them evolve continuously to meet customers' needs, capitalizing on new technology to build stronger customer relationship.

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